

SYSTEM'S PLAN-BOOK SERIES

96 PLANS
FOR COLLECTING
BY MAIL



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ASHTON DRY GOODS Co.

NEW YORK OFFICE
353 4TH AVE

BOTH TELEPHONES,
170

ROCKFORD, ILLINOIS.

Mrs. James Reid,
430 E. 16th St.
City.

Dear Madam:

You may remember a letter we sent you recently regarding charge accounts in which we expressed a desire to close all accounts due on or before Jan. 31st., the end of our business year.

We find that your account, a statement of which we enclose, is still unsettled, and we send this reminder of it because we feel sure that you have unintentionally overlooked the matter; and that you will consider that we are doing a friendly act in bringing it to your attention.

Generally speaking, it is understood that charge accounts are to be settled every thirty days; indeed, that is the basis upon which credit is extended by business men, as a rule.

We realize, however, that such things are sometimes forgotten, or that there may be unexpected conditions which may make prompt thirty-day settlements inconvenient for our customers. If you simply forgot it, a reminder is enough. If you find it difficult at the time the payment is due to meet it, we want to be liberal; and if you would let us know beforehand, or see us about it, no doubt an extension of time might be arranged.

We shall appreciate it, therefore, if you will let us know about this account, now past due; if it isn't correct, or it appears to you that we have made a mistake, we want to correct it.

But it is bad for both of us to let it go along this way.

Yours very truly,

ASHTON DRY GOODS CO.

Willard H. Ashton

President

WEA-LP

SINGLE OUT YOUR DEBTOR

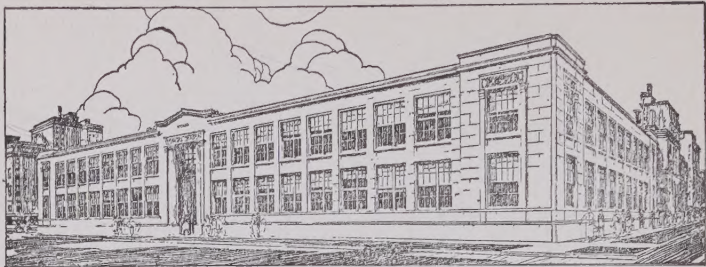
Do not allow debtors to feel that they are "lost in the crowd"—that your letter comes to them as one of hundreds sent out to delinquents. Go to them through your letter as you would in person. Make each communication stand out alone and show individuality. Here is an excellent example.

96 PLANS FOR COLLECTING BY MAIL

TESTED PLANS FOR REDUCING
CREDIT LOSSES—PROVED IDEAS
AND LETTERS THAT COLLECT
—SHORT CUTS FOR HANDLING
COLLECTION DETAILS—POINT-
ERS TO OBSERVE WHEN EX-
TENDING CREDIT



A. W. SHAW COMPANY
CHICAGO NEW YORK
LONDON



CASS, HURON AND ERIE STREETS, CHICAGO

THE SYSTEM PLAN-BOOKS

BUSINESS men learn by exchanging experiences; each profits by contributing his own successful ideas and then drawing from the common fund. This plan-book, therefore, constitutes a pooling of practical experiences on the subject indicated by the title and is one of a series issued by an institution which for more than twenty years has served as an assembly-point for business ideas, plans, methods and policies. More than 650,000 business men are readers of *SYSTEM*, the Magazine of Business, and *FACTORY*, the Magazine of Management. The plan-books are not sold. They are offered as supplements to this magazine service. Through their use business men often come better to appreciate the value of the broad scope of subjects treated in the magazines themselves.

Gathered in book form for convenience, these collections of plans fill a field quite distinct from that served by the ever-growing list of standard business books, with their thoughtful analyses and studied descriptions of policies and practises. The plan-books bear no pretext of being complete or critical. The plans are merely every-day "business tools"—for immediate and frequent use in any business with corresponding problems.

Besides *SYSTEM*, the Magazine of Business, *FACTORY*, the Magazine of Management, and the *British SYSTEM*, with their supplementary services, the A. W. Shaw Company also publishes standard business books. A catalog will be sent on request.

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HOW TO GET THE GREATEST VALUE FROM THIS BOOK

There are scores of collection plans in this little book, but each of them was selected only after one or more similar plans had been discarded. Several hundred plans were carefully inspected to secure the 96 printed in the book.

"Where did they all come from?" you will probably ask. They have been furnished by a group of unusually successful business men with which the editorial organization of the A. W. Shaw Company has built up a confidential contact. Only those in this group who have specialized on working out plans and methods for collecting money supplied material for this particular book. So the book really not only contains the very best plans from among several hundred for handling collection details, but the best plans worked out by the men with the best records for perfecting plans whom the A. W. Shaw Company has been able to discover after a country-wide search extending over a number of years.

This explains why the plans cover so many types of collection problems. But this only increases their value, of course, for it is a demonstrated fact that nine out of every ten plans that succeed with one type of proposition can be used for almost all other types. Furthermore, the ever increasing intensity of the competition which business men face nowadays makes it necessary for them to draw their ideas from more than one type of proposition if they are to keep up to date.

Just try out one or two of the plans that appeal to you most if you want a first-hand proof of this assertion that ideas can be transferred from one field to another. As a matter of fact, there are many classic incidents illustrating this truth—the cash register is said to have come from a device for recording the revolutions of a ship's engines, for example. These incidents all go to illustrate the important fundamental truth that the various types of business are after all very much alike.

The A. W. Shaw Company has on file records of hundreds of letters which demonstrate the practicability of using the other man's idea. There is even a department "How I Used Another Man's Idea" in its magazine, *SYSTEM*, which you will receive in connection with your purchase of this book.

Here is a good example of these letters from a recent mail: W. D. James is secretary and general manager of the James Manufacturing Company, and a regular reader of *SYSTEM*. In an issue of *SYSTEM* he read an article by Robert P. Wilcox, general manager of a St. Louis department store, on "Finding Who Makes the Mistakes." Now Mr. James manufactures sanitary barn equipment, but he quickly saw how he could use Mr. Wilcox's store plan to advantage in his manufacturing business. Let him tell in his own words about the idea which has reduced plant and office errors of all kinds to one-fifth their former number:

"Mistakes will occur constantly in any business," he says, "but when sufficient notice is taken of each one they are apt to diminish in number. The article in *SYSTEM* emphasized this point and described a specific plan. Of course I had to change the details somewhat to make the plan exactly fit my business, but the net result was that I worked out a form sheet for reducing the mistakes in my own business.

"Each employee keeps a few of these sheets in his desk, and whenever he finds a mistake of any sort whatever he describes it on one of the sheets. This goes at once to the credit department, where the error is investigated, checked up, and the sheet sent to the accounting department. There it is retained until the end of the month, when it goes back to the credit department attached to a copy of the monthly statement sent to the customer who was affected by the error. Often the collection of an account where a serious error has been made is not pressed until the customer is thoroughly satisfied. When the account has been settled the service record is filed against the employee responsible. Employees know they are judged for 'raises' partly by their accumulated service records."

Be sure to read each issue of *SYSTEM* carefully, for it will describe to you month after month not only many other tested plans for increasing your sales, but also new and practical methods for advertising, increasing sales, training salesmen, keeping records, holding down expenses and carrying on all the other activities of your business.

PLAN NO. I

THIS PLAN'S RESULTS AVERAGE 89%

One of the letters shown in this plan brought seventy-eight checks out of a hundred letters mailed; another "pulled" either a check or an explanation for every letter sent out.

"After I send my statements out I wait ten days, and if returns do not come in I send this letter," says the credit man of an Eastern firm.

Your attention is respectfully directed to our invoice of July 10th, for \$49.80, covering goods shipped you, statement of which was sent you a few days ago.

By referring to the original invoice, you will see that, according to the terms, the account became due on August 10th.

You will, therefore, kindly let us have your check by return mail.

"The first paragraph gives all the information about the account, and without definitely saying so, reminds the debtor that this is the second request for payment. The second paragraph gives the due date, and shows how long the account is overdue. It assumes the attitude, and subtly conveys it to the customer, without saying so in words, that, inasmuch as we have not written to the contrary, there is no reason why payment should not be made promptly.

“The third paragraph conveys the idea that there is no doubt in our minds but that the return mail will bring the check. The letter is courteous and firm. In it we have not begged for payment; we show that we expect it. The entire letter is dominated by the ‘will you’ element; the ‘we’ element is left out.

“A record of the results obtained with this letter shows that out of one hundred mailed, seventy-eight brought checks; four, requests for short extensions; one, a request for an adjustment of a complaint.

“Frequently I resort to drafts. By employing the aid of a bank official to present my account for collection, I gain formality and weight. I never, however, draw upon a customer without first giving him ten days notice. My second letter reads as follows:

With additional reference to the payment of our invoice of July 10th, covering goods shipped you -- \$49.80 -- which became due on August 10th: Unless we receive your check within the next ten days, or hear from you with objections, we shall assume it is satisfactory to you to have us draw for the amount now overdue and act accordingly.

Your remittance direct, however, is much preferred, and we earnestly urge that you send check by return mail.

“Twenty of these letters brought thirteen checks and two requests not to draw drafts. At the expiration of ten days, if payment is not forthcoming, or a satisfactory explanation given, a draft is drawn.

“On small amounts, drafts are made payable on sight; on large ones a few days of grace are given. After the draft is deposited in the bank for collection, I keep just

as close watch on the account as before, because I have learned that some banks will favor debtors by holding drafts drawn against them for several days. If payment is not made, or the draft is not returned dishonored at the expiration of eight days from the date of presentation, I trace it through the bank, and at the same time make a more urgent demand.

“When a draft is drawn upon a debtor and returned dishonored, and my second demand brings no response, I write what I term my ‘put-it-up-to-’em’ letter. This reads as follows:

The First National Bank has returned to us, dishonored and marked "no attention", our draft for \$49.80, drawn upon you a few days ago, covering your indebtedness for goods shipped July 10th.

This is our fourth request for a settlement of our account: three of which apparently have been ignored. You certainly are not justified in treating us in this manner; if you have what you deem a reasonable excuse for withholding payment, we are entitled to know what it is; if not, a check should have been sent before this date.

Your explanation or check, therefore, will be looked for by return mail.

“This is putting the matter squarely up to the debtor; and, to my mind, there is absolutely no excuse for his not answering. Twenty-five letters like this one obtained twenty-three answers—seventeen of which contained checks.

“If the fault is not ours, I do not so inform him in a short and sharp answer and consider the matter settled. I try to help him find where the trouble lies, and

straighten out his difficulty. This costs very little, and I find it wins the lasting friendship of customers.

"If the complaint is due to a misunderstanding upon the part of the customer, I try to point it out to him in a courteous letter—usually a long one—always endeavoring to word it so that there will be no arousing antagonism.

"If, however, the customer has a real grievance, I first ask him what he feels we should do to make matters right. Most men have a sense of reasonableness in them, and if they see we are willing to listen to their side of the story they will be fair.

"If a customer's proposition is what I consider more than he should ask of us, I meet him in it as far as I consider consistent with squareness all around and try to make him see our side of the story. The average man can and will recognize a fair proposition. And experience has taught me that if we do not attempt to force him by argument into our way of thinking, but offer him a fair compromise and ask him to consider it, he will almost always see things as we wish him to. It always pays to meet the debtor half way.

"My experience shows that it is best to avoid argument wherever possible. Be courteous, helpful in suggestions, listen to the other man's story, and consider what he has to say; and always remember a good complaint letter is largely a matter of tone and attitude.

"In adjusting complaints, I handle them just as quickly as possible, so as not to have the account held up indefinitely. As soon as matters are straightened out, I asked for the money in the usual way. If my 'put-it-up-to-'em' letter does not bring results, my next step is to send a letter to threaten suit. This letter will be found in Plan 66."

PLAN NO. 2

THESE TWO LETTERS BROKE ALL RECORDS

All who direct the collection of money know that some debtors must be handled with gloves while with others "rough shod" methods are more successful. This plan shows how one concern fits its appeal to particular characteristics and thereby breaks records.

"I have found that no single plan will work with all classes of debtors," says one credit man. "Of course we treat them all alike at the start, but it doesn't take very long before a large number of them classify themselves.

"After they have placed themselves in the 'slow pay' or 'dead beat' class, we often find it successful to write them a letter and mince no words. Sometimes we appeal to their pride; sometimes to their sense of justice; and then again we try to make them realize that they are only injuring themselves by their dilatory tactics.

"One of the best examples of an appeal to their sense of justice is this letter:

"Deliberately unfriendly" -- that's what we think of the way you are treating us.

Why don't you pay? You know we can't break even on our transaction with you if we have to keep on writing letters.

You know, too, that we have given you your money's worth..

That's our principle -- small sales, big values, satisfied customers, prompt payments.

Some others don't follow this system. They are the ones who deserve trouble. We don't. Come now, are we not right? Encourage our policy by paying up.

"If this letter brings no return, we follow it up with one like this:

You are doing yourself a great injury.

You made a purchase from us some months ago, on the instalment plan, and you have not fulfilled your obligation.

This hurts you far more than it hurts us.

In selling, we naturally make an allowance to cover bad debts. You are apparently bad credit. We shall therefore add your name to the list which is kept by a number of houses and which is consulted by them all whenever a new order comes in.

Thus, by failing to pay your account, you are destroying your credit.

This letter is written in the friendliest spirit. We are obliged to judge a customer by an experience with him and then act accordingly.

But we don't want to make a mistake.

Hence this letter. If you care about your credit you will doubtless reply.

If not, the loss is more yours than ours, and in you will go to that list of indiscriminate persons whose promises are mere "scraps of paper".

"These two letters have been very successful—in fact, on one mailing they broke all previous records in the amount of money collected. We have different letters for different occasions, but they are all along the same general lines and I have always found that it pays to be courteous, but straightforward."

PLAN NO. 3

THE "CASH AND CARRY" PLAN

How a Philadelphia merchant reduced his credit accounts materially and succeeded in placing his business on a sounder footing is fully explained in this plan—he says it "practically eliminated" all his collection troubles. You'll quickly see that whatever line you are in, you can probably adopt some good points from his idea.

"Year after year," begins a well-known Philadelphia merchant, "I saw the cost of doing business mount higher and higher until it reached a point where it demanded most careful treatment. The amount of money outstanding in credit stocks and the cost of not only carrying these accounts, but also making the collections, was the handicap that prevented me from making the rate of turnover that my investment and my volume of business entitled me to make. Delivery charges also were getting higher every day, so I decided to adopt a plan that would remedy not only one, but all of these troubles.

"I could not come out flat-footed with the demand that my customers pay cash. They are responsible people and would have resented such a step. But I could sell them goods cheaper if they paid cash and carried the goods home themselves, so I told them so frankly. Here is the circular letter I used very successfully:

We have adopted a new system of selling groceries and meats known as the "Cash and Carry Plan".

Under this new plan we can sell the same high grade groceries and meats that we now handle at a very material reduction in our present prices. Here is the plan:

1. Every article in our store is plainly marked at the very lowest cash

price. The price is for those of our customers who come to the store, pay cash for the articles and carry them home.

2. For those who desire, we have an efficient delivery system. Auto trucks will leave our store promptly at 9 a. m., 2:30 p. m. and 4:30 p. m. For this service we make a nominal charge of 5 cents for each order, regardless of size.

3. We will continue charge accounts to customers who are entitled to them, and for this service we will make a charge of one cent for each dollar or fraction thereof.

In other words, you pay for just what you get.

Let us show you how it works out by comparing a few prices under the old and the new system.

First, compare a list of the prices to consumers who pay cash for the goods and carry them home.

	Old System Price	New System Price
4 bars American Family Soap..	\$0.20	\$0.16
1 lb. best coffee.....	.35	.32
1 pkg. Quaker Oats.....	.10	.08
1 lb. best head rice.....	.11	.08
5 lbs. sugar.....	.43	.38
Best sirloin steak (lb.).....	.30	.26
	<hr/>	<hr/>
	\$1.49	\$1.28

Second, we will show you the prices to the customers who ask for delivery, but pay for the goods at the store.

	Old System Price	New System Price
4 bars American Family Soap..	\$0.20	\$0.16
1 lb. best coffee.....	.35	.32
1 pkg. Quaker Oats.....	.10	.08
1 lb. best head rice.....	.11	.08
5 lbs. sugar.....	.43	.38
Best sirloin steak (lb.).....	.30	.26
	<hr/>	<hr/>
	\$1.49	\$1.28
Delivery charge.....		.05
		<hr/>
		\$1.33

Third, study these prices which will be paid by customer who pays for both delivery and a charge account.

	Old System Price	New System Price
4 bars American Family Soap..	\$0.20	\$0.16
1 lb. best coffee.....	.35	.32
1 pkg. Quaker Oats.....	.10	.08
1 lb. best head rice.....	.11	.08
5 lbs. sugar.....	.43	.38
Best sirloin steak (lb.).....	.30	.26
	<hr/>	<hr/>
	\$1.49	\$1.28
Delivery charge.....		.05
Credit charge (one cent for each dollar or fraction of a dollar).....		.02
		<hr/>
		\$1.35

Please note the above examples carefully. This new plan not only saves money for the customer coming to this store and carrying the goods home, but also for the customer desiring the goods charged and delivered, as heretofore.

PLAN NO. 4**THE MERITS OF THIS PLAN HAVE BEEN
PROVED**

You will find that there is an exceptionally interesting background to this plan: A Wisconsin concern was in a bad way because its credit accounts were smothering it. This plan was worked out and now "losses with us, due to bad debts, are no longer the serious menace that they were."

"Collections have been reduced to a standard routine in my office," says a Wisconsin business man. "Detailed instructions are now written out for the guidance of all employees concerned in handling the accounts, and the files have been thoroughly reorganized. Now accounts are paid more promptly and I am able at all times to know the exact status of overdue accounts, their amount, and the stage they have reached in the process of collection.

"My business outgrew the one man stage several years ago, and in the wake of expansion came an increase in the amount of outstanding book accounts that was much more rapid than the increase in turnover seemed to necessitate.

"I made an earnest effort to cope with the situation, but my own time was fully occupied with current work, and with no fixed routine to follow, employees were lax in handling delinquents.

"The evils of this poor organization were quickly apparent in the rapid increase in outstanding accounts. Customers soon made it a habit to take as long credit as they chose; in fact, the situation grew so acute that complete reorganization finally became imperative.

"The general principle behind my reorganized plan is this: Each account that is more than a certain number of weeks old—a period which is called the standard of credit—is reported to a collector, and for that pur-

pose is entered upon a special card and filed alphabetically.

“A second card is prepared, showing the name of the debtor and the date when his obligation was incurred. This memorandum card is filed in a separate drawer, behind a guide card showing the day of the month when the proposition should next be brought up for attention.

“There is still another set of drawers, which completes the filing system. In these last drawers, complete information on specific cases is kept. This file grows with each new overdue account, and gradually comes to form a useful record of all debtors who have given the concern trouble about collections. It also becomes an invaluable source of information for the credit man.

“This office mechanism is supplemented by two sets of instructions issued for the office workers. One is written for collectors, and the other for the ledger clerks. Instructions for the guidance of collectors are as follows:

(1) Each ledger clerk, when reporting an old debt to the collector, will furnish a statement and will enter particulars upon a card, which will be filed alphabetically. A note will be made in pencil in the debtor's ledger account to the effect that the debt is in the hands of the collector. A second card will also be written out bearing the debtor's name and the date when the debt was incurred; this will be placed in the diary drawer in the division for the current day. When any sum is received on account, the amount must be written on the debtor's alphabetical card by the ledger clerk.

“This makes it necessary for the collector to deal each day only with those debtors whose memoranda are on the cards in the divisions in the second drawer referring to that day.

“As each case is dealt with, a note to the effect is made in ink on the card in the first drawer, and the date when the next application for payment should be made is also entered in ink. The memorandum card is then placed forward under the proper day in the follow-up file.

(2) When from any pressure of work any card in the follow-up file cannot be dealt with on the proper day, it must be put ahead to the next. Under no circumstances may it be put forward more than a single day.

(3) Monthly statements of debts that have been placed in a collector's hands are made out and handed to him. When he receives his statements, he should at once look through the card cabinet to find the records corresponding with his statements; and he should dictate suitable letters to the various debtors, or mark upon each statement in pencil the number of one of the series of letters used in soliciting payments. The statements should then be handed to a typist for copying. At the same time, particulars of the letter written to the debtor must be noted on the printed card, and the memorandum card in turn must be placed in the proper division to come up when the case is next to be attended to.

The typist should look at the diary drawer each morning, write all letters not requiring special attention and put them before the collector for his signature.

(4) When a debt is finally written off as irrecoverable, the card must be numbered and particulars entered in the bad debts register, in which will also be noted the authority from the audit department giving permission for writing the debt off. All correspondence connected with the collection is kept in alphabetical order in letter files separate from the general files. When a collection

is made or the account written off, the correspondence on the account is fastened together, numbered to correspond with the bad debts register, and filed for audit and credit purposes. The card covering the case is filed "dead" in a drawer reserved for complete cases.

(5) Unless there are special written instructions to the contrary, given by the manager, the time between each effort at collection must not exceed two weeks.

Instructions issued for the benefit of the ledger clerks are copied in the ledgers. They are as follows:

(1) No debts are to be reported to the collector verbally.

(2) When any debt becomes overdue, the word collector is to be written in pencil in the ledger, close under the items overdue. At the same time, two cards are to be written out—a printed card bearing full particulars, and a plain one bearing the name of the debtor and the date when the debt originated. The printed card is to be placed by the ledger clerk in the alphabetical file. The second card is to be clipped to a statement and handed to the collector.

(3) When any debtor whose account has been placed in a collector's hands remits, the ledger clerk must at once note on the card, in the results column, the date and the amount paid; and he must also erase the word "collector" from the ledger page.

(4) Monthly statements for those debtors' accounts marked "collector" are to be handed to the collector for immediate attention.

"This system makes it possible for me to maintain complete control of the collection machinery without bearing the burden of the many details incident to it. My sources of control are:

(1) The alphabetical list of debtors, from which I can find out if there is much difference between the

column for the intended date of the next letter and the actual date when the letter itself was written;

(2) The follow-up or "diary" file, from which it is possible for me to see at a single glance approximately how many cards are unattended to, and what proportion of debts have proved to be slow in collection or are particularly old;

(3) The ledger in which all old accounts are marked "collector."

"Complete lists of debts which have exceeded the standard of credit, sent in twice each year by my branch offices, make it a simple matter for the home office to control collections in branch offices as well as at home. The lists are prepared by junior clerks, who go straight through the alphabetical file and extract all details that are required for the report on the day following the close of each half year.

"A few days later, I prepare a list of all old debts in regard to which special instructions are to be given the branch managers. Sometimes application for payment is made direct from my office, if that method seems likely to bring in the money."

PLAN NO. 5

A DESPERATE PLAN FOR SAVING ACCOUNTS AT THE LAST MOMENT

There is no doubt that this plan is simple to use, but it does nobody the slightest harm, and doubtless often prevents a lot of hard feeling, so who's to condemn it?

When the past-due statement and the follow-up letter fail to prove effective, unusual tactics will often bring in the money. A method that has proved especially effective in occasional cases is used by a selling agency for a manufacturer. The local manager is notified,

for example, that a certain customer is badly delinquent and owes for two shipments one hundred and twenty days overdue. This customer persistently declines to honor drafts and ignores all letters. The home office has lost patience and advises placing the account in the hands of their attorneys.

Knowing the offending customer well, and believing him to be chronically slow rather than wilfully dishonest, the agent urges a delay of a few days, as he hopes to get a check in full. He then writes the customer frankly and plainly, but at the same time in a friendly tone, and attributes the tardiness to oversight rather than to any other motive.

This letter, however, brings no response, nor does an urgent telegram sent a week later. The home office, now thoroughly exasperated, writes that it can give no further extension of time and that prompt legal action must be taken.

Vexatious delays generally attend upon legal procedure of this kind, and the local manager decides to make an appeal to a side of the customer's nature that could not be reached by direct methods. He dictates this letter to the home office:

I have just read your decision to take legal action immediately against Jackson. I feel that you are justified, yet I am amazed at his present attitude. As you are aware, I have known him favorably for many years and considered him a good risk, especially because of his enviable connections throughout the State. He comes of a well-thought of family, too, which has had a reputation for meeting its obligations fairly and squarely.

Evidently, however, he has departed from this tradition for honest dealing and

no longer deserves the slightest consideration.

There is only one step to take with a debtor who acts as he has and places no value on his reputation — and that is "go the limit to get our money." I am through. Let the attorneys proceed at once to collect the account.

Mistakes in mailing departments are not entirely unknown. Taking advantage of this fact, the local man, instead of mailing his letter to the home office, puts it in an envelope addressed to the delinquent customer. The method is often entirely effective, and the local manager at times receives letters by return mail from customers, stating that they have sent checks in full to the home office, and giving every assurance that the failures to do so earlier were "simply oversights."

PLAN NO. 6

THIS "CLOSED ACCOUNT" PLAN BROUGHT DEBTORS IN TO TALK—AND PAY

In some cases letters brought few results for the credit manager of a middle western concern. He didn't want to lose his customers, but he had to have the money. So he used a little strategy, as this plan shows, and he got it.

"So successful was this plan," says this credit manager, "that it has come to be one of the most valuable assets of our collection department."

When a customer's delinquency reaches a certain point, a personal talk in the credit man's office will often accomplish more than any number of letters. For this reason a ruse—certainly justifiable under the circumstances—is sometimes employed solely for the purpose of getting the buyer in.



You have no doubt run into the puzzling question of deciding just what to do when charge-account customers—with the money to pay promptly—insist on letting their accounts drag way behind, but go right on buying. Read Plans 6 and 74 and you will see how two business men use a “close-account” plan for just such cases.

A woman whose account is considerably past due, and who has failed to respond to two or three letters, comes in and buys a small bill of goods, for example. The ticket goes up to the credit department and comes back with the report that the account has been closed.

Immediately she becomes indignant. This is the cue for the floor walker's entrance. He suggests at once that she go personally and see the credit man—no doubt there is some mistake—and straighten it out..

She goes—and the credit man gets the opportunity for the sake of which the ruse has been used. It is his turn to protest now—and to apologize. The account seems to have been closed two weeks before—evidently at her request. It was somewhat overdue—he had supposed of course that possibly she wanted to refrain from further buying until she had caught up, or that she had had some other reason. But it was a mistake. It would be reopened at once and today's purchase passed.

Before the customer leaves the office, however, she has found herself making a definite promise of paying up the back account at some specific date—which, after all, was the aim of the credit man.

PLAN NO. 7**THIS IDEA MAY BE NEW TO YOU**

It is true that this involves a ruse—but one that's quite gentle and which under the circumstances is fair enough, for it certainly does not do anyone a bit of harm.

“My banker helped me discover the best way to collect slow accounts,” says an Iowa dealer. “It came about this way: I carried a large account for a contractor who was very slow pay, until finally, when I could not get even a small payment on account, I was obliged to cut off his credit. This man wanted to pay all right, but he was a poor manager and could not get the money together.

“I finally put it up to him. ‘Why,’ I said, ‘you ought to pay me this money even if you go to the bank and borrow.’ ‘I’d gladly do that,’ he replied, ‘but my credit at the bank is used up. If they would take a chattel mortgage I could raise the money for you, but they are not loaning on chattels just now.’

“I chanced to mention the situation to my banker. He said: ‘Send Jackson to the bank. Tell him that you have influence with me, and that you think I might take a chattel mortgage if you are to get the money. Then I will require you to indorse the note—but he need not know that. He’ll think he has settled with you, and I’ll collect where you could not. That’s certainly justifiable in a case like this. The queer angle to a lot of men is that they respect a bank a great deal.’

“I acted on the suggestion and ‘backed’ the note. The contractor thought he was liable to the bank, met the interest punctually, and took up the note on maturity.

“Now when I get notes from a man, instead of holding them myself, I discount them and let the debtor

think I have sold them outright. I feel quite justified in doing that. In nearly every case the bank has been able to collect, but I am sure that I would not have obtained a cent on some of these accounts, if I had carried them myself, or if the debtors had realized that my indorsement rendered me liable, if they failed to pay."

PLAN NO. 8

THIS PLAN PROVES THAT AT TIMES YOUR COLLECTOR MAY BE AT FAULT

With this plan a salesman not only got the cash on a long standing account, but also reopened the way for additional business.

In a Maine city that can here go by the name of Pipestone, the "Herald" is the larger of two morning papers. It has a bigger and better subscription list than its rival, the "Telegraph," and it carries more advertising. Frank Kingman joined the staff of advertising salesmen on the "Herald," and on the first day he went out to line up his customers and prospects he found that he had in his territory an auction warehouseman—Adams by name—who was constantly using a large amount of space in the "Telegraph" and in the single evening daily, but no space at all in the "Herald." Kingman wondered why and investigated. He found that there was outstanding against Adams an account that had been long overdue, although it was known that his credit was perfectly good.

The collector had given up all hope of collecting the debt. He said that the warehouseman had a grudge against the "Herald," and that it was useless for a representative of that paper to call on him. Kingman, however, realized that until the debt was collected it would be impossible to sell Adams any more advertising.

"Let me collect the account," said Kingman finally.

The collector laughed at him and told how he had spent hours cooling his heels in Adams' outer office, all to no effect. Kingman persisted, and finally the collector turned over his responsibility in the matter to the salesman.

Kingman went straight to Adams and to the point, talking frankly in the way he conceived the warehouseman himself was used to talking.

"Mr. Adams," he said, "somewhere my paper has fallen down. You aren't refusing to pay this account because you want to keep the money. We know your credit is perfectly good. Now I am a new man in this territory and I don't know what's happened here before my time. But I want to start in with a clean slate and I want to keep it clean. If there's anything wrong with the 'Herald,' or the way 'Herald' people have treated you, let me know and I'll do my level best to make it right with you from now on."

Adams liked the frank way the salesman came at him, and he made his explanation just as frankly. He said the collector was at fault. The collector had come twice to collect the bill and both times Adams had been out. Consequently, the check was not signed. A third time the collector came while Adams was busy in his private office talking to a customer. The office partition was thin, and the collector's expostulations with the cashier about being compelled to wait were plainly heard by both Adams and his customer.

"It's the third time I've been here after that money," Adams quoted the collector as saying, "and if I don't get it this time we will find another way of collecting it."

"Naturally you were insulted," exclaimed Kingman. "In front of a customer or not, that is no way for a collector to approach a client."

"That's what I thought," returned the warehouseman. He reached for a blank check. "By the way, how much was that bill?"

"Now, Mr. Adams," asked Kingman as he put the check in his bill-fold, "how much space are you going to need in the 'Herald'?"

PLAN NO. 9

"NOTHING EVER EQUALLED MY BALLOT PLAN" THIS MAN SAYS

By means of this "ballot" plan a merchant in Ohio not only writes requesting payment, but also frames the customers' reply. He has found it very effective in pinning down delinquents to definite promises.

"It is always difficult to get slow-pay customers to commit themselves on the question of payment," says a supply dealer in Ohio. "No matter how specifically you may frame your letter, they will almost invariably offer excuses to dodge the real issue.

"This became such a serious handicap to our collection department that I cast about for a remedy. I finally hit upon what I call the 'ballot' plan, because it is worked out along the line of the ordinary election ballot. I have found it the most effective and profitable method of pinning down a slow-paying customer to a definite promise to pay that I have ever used.

"It even relieves the customer of the trouble of writing a letter. All he is required to do is to mark this 'ballot' the same way he does at election time.

"You will note that the first five reasons are the customary excuses debtors give as to why they haven't paid their bills. These were included in order that the ballot might not be too severe on the customer who really had a good excuse.

“Each of the last four is a definite promise to pay at a definite time or by a definite method. All the customer has to do is to fill out the ballot and sign his name.”

WE WANT TO BE FAIR. SO DO YOU

Don't bother to write a letter—just “VOTE” on this sheet; date, sign and return it in the enclosed stamped envelope NOW

CONFIDENTIAL

Date.....

Gentlemen:

We indicate below by a cross-mark our reason for not having paid our account with you of \$125.10.

- Oversight
- Error or overcharge
- Disagreement as to price or terms
- Slow collections
- Unsatisfactory sales
- We enclose \$.....
- Will remit in days
- Will honor draft through.....
Bank of
- Request.....days extension of
credit according to signed acceptance
herewith (sign below).

Remarks:
.....

PLAN NO. 10

THE “CALL ON THE 'PHONE” PLAN

You would think that a telephone call about the standing of his account would irritate the average customer. But nevertheless a merchant says this plan works.

Slow accounts are followed up on the telephone by a Wisconsin merchant in an affable but persistent way. After two or three statements have been sent out without getting results, he calls the customer on the telephone and tactfully explains that while he knows the

debtor will pay, he cannot afford to spend so much time collecting, and is afraid he will have to decline credit to the family unless the bill is cared for at once.

He has found that most people are not annoyed at being tactfully called over the telephone about their bills. On the contrary, he often learns about extenuating circumstances, and is glad to wait for his money in order to keep the trade of the customer.

"I used to send one of the men out to make collections," he says, "but I find I can do better by talking to people myself. I am better able to judge what the conditions are. Even my most urgent appeal for money is very pleasant. A man need not be cross to insist that what is due him shall be paid, and I know I have made many of my debtors better customers as the result of collection conversations over the telephone."

PLAN NO. 11

PERHAPS THIS IS JUST THE "MINUTE-SAVER" YOU WANT

Of course it's only a detail but a minute saved on this account, and another on that, leaves just so much more time for other things.

A credit man in Omaha improved on his follow-up system by using a vertical correspondence file with alphabetical guides. When he puts away the correspondence about a case he files it behind the proper guide and numbers it in blue pencil on the upper left-hand corner according to the order in which it is filed. If the Jones Mercantile Company is to be written on March 16th, and there are already ten bunches of correspondence in the "J" section of the file, he numbers the Jones Mercantile bunch "11" and on the March 16th leaf of the calendar pad jots down "J11."



An Iowa business man had several slow pay accounts. He went to his banker for advice. "I'll collect where you can't," said the banker, and proceeded to outline a plan which the business man says turned out to be the best method of handling slow accounts he ever used. You will find this banker's suggestion in Plan 7.

PLAN NO. 12

A QUESTION MARK AND INITIALS IS ALL THIS PLAN REQUIRED

In nine cases out of every ten, allowing customers to overstep credit limits means trouble. This plan shows how an eastern collection manager gets around this very nicely without as much as writing a letter.

An eastern collection manager adopted a novel and effective way to keep the line of credit down to the agreed amount, and at the same time to ask for a remittance without giving offense.

When an account exceeded the amount agreed upon, the bookkeeper was instructed to make out a statement, and the collection man simply wrote on it a question mark adding his initials, and mailed the statement to the delinquent. Generally it brought a prompt response in the form of a remittance sufficient to bring the account within its limit. In this way, the risk of giving offense by a formal letter, no matter how cautiously phrased, was avoided—and the results were better.

PLAN NO. 13

THIS PLAN PUTS A STRONG "PERSUADER"
BEHIND THE THREADBARE ADMONITION
—"PAY BEFORE IT'S TOO LATE"

Sometimes even a fairly hardened debtor can be made to listen to reason when it is suggested that the methods to be used against him won't add to his credit standing in his community. Perhaps that's why the following plan has been successful.

Practically everyone likes to stand well in his own community, and often a debtor will pay rather than be shown up as a "dead beat." An eastern office appliance house has found that a reminder of the possible loss of credit standing will often bestir even the slowest of debtors into paying up an account, provided the right sort of letter is used.

This house feels that a letter of this type should not be sent until all other means of getting the money have been exhausted. This means that it goes to only such debtors as have by their own actions placed themselves in the "dead beat" class. Here is the letter which this concern sends out.

We have placed with our attorneys, Barker & Barker, 433 Main Street, this city, for collection, a claim against you. This claim has been assigned to them with the understanding that we will prosecute unless settlement is made at once. This would not only make you considerable trouble and costs, but place you in an embarrassing position as well.

We granted you credit on your signed order, purely on your word of honor, shipped the goods and you accepted them. We have written you many letters appealing to your sense of honesty, without result. Evi-

dently you do not realize your position.

While your action might be considered of the deliberate "dead beat" variety we have felt that your failure to pay has perhaps been due to carelessness or to the fact that you do not realize the distinction between mere delinquency and deliberately unfair tactics, and so we have hesitated to drag the matter into court, where your credit standing certainly would suffer.

Before taking decisive action, we now give you a final opportunity to settle this claim without costs or trouble. It will not alter your case in any way to attempt to return the goods now. The matter is assigned for collection and payment must be made direct to our attorneys at the address mentioned above.

We expect to hear from you within three days — otherwise we shall take it for granted that you are prepared to defend this action, and our attorneys will therefore take steps to protect us in any way they may see fit.

If this letter gets no reply this company usually sends a man to call on the delinquent, to determine finally whether it will be necessary to file suit to force the debtor to pay. While, of course, the plan is a little severe in some instances, as a whole it works out well, according to the collection managers.

PLAN NO. 14

ANOTHER PLAN WITH A HARD TASK

This plan has about as hard a task as Plan 58, but nevertheless it has made good frequently enough to establish a reputation for itself.

"It is my experience that asking a delinquent for money can be made just as dignified and courteous as

trying to sell him goods—and doing so keeps the customer in a friendly attitude. A grouchy credit man may, in one letter, lose to a house the business it has been years in developing,” says one credit manager.

“Here is the letter we send to a customer who has sent in another order after he has overstepped his credit limit.”

After careful consideration of your recent letter we are sorry to inform you that we have decided to hold back the order. We regret this, I assure you, quite as much as you do, but our unalterable rule leaves us no alternative.

We do not in the least like to lose your account, and we sincerely trust we may, in the near future, come to some agreeable understanding.

It is to be hoped that you will soon be in a position to clear up the outstanding balances against you.

Our action with regard to your case is to be especially regretted owing to the lateness of the year. We still feel you will be best served if you send us \$62.14 and let the shipment go forward. We say this because we realize what it means to go into the open market at this season.

Please let us hear from you at once, as we are badly off for storage space and in a few days we will be compelled to unpack your goods and put them back into stock, unless we get word from you.

“This is in reality a collection letter aimed primarily to get the money; by deftly suggesting to the merchant how hard it would be for him to go into the open market, and the fact is driven home that he can not hope to have his order filled without a substantial payment

on account, for he is assured that the shipment will be unpacked unless he writes soon. It is a blending of collecting and selling, and while it may hurt, it gives the necessary prod to an easy-going merchant, and shows him that he cannot expect continued credit unless he looks more diligently to the payment of his bills.

PLAN NO. 15

A YELLOW STICKER, A BLUE PENCIL, RED INK, AND SIX WORDS—THAT'S ALL

This plan is like a lot of others, you'll find, except for one characteristic—and thereby arises the explanation of the results it secures, perhaps.

"I long ago stopped scolding debtors or doing anything to irritate them, but I always let them know that their manner of paying is under constant scrutiny—and I manage to do it in a way that leaves no bad effects."

These are the ideas of a successful Kentucky credit manager who says that as a result of using them, his annual losses from bad debts for seven years have averaged under one fifteenth of one per cent of the sales.

His plan is very simple. It consists of attaching a small yellow sticker to statements of past due accounts. The sticker, printed in red, reads as follows:

.....DAYS PAST DUE— KINDLY REMIT PROMPTLY
--

The number of days is filled in, with a blue pencil, to fit each case. It is this blue pencil notation which eliminates the cold formality of the more stereotyped forms of this same idea, and creates a personal point of contact which the debtor cannot help but recognize. This credit man says that he uses this form exclusively.

PLAN NO. 16**THIS PLAN MADE IT EASIER TO PAY
THAN TO FRAME AN EXCUSE**

This plan shows how an Omaha collector successfully knocks out the "too busy today" excuse. His method is certainly simple enough and could be used in almost every kind of business.

Make it as easy as possible for busy men to pay their bills, is the policy of a successful collector in Omaha. He takes advantage of the psychological fact that every man will follow the course of least resistance.

He accordingly provides himself with neatly type-written checks for the exact amounts of the accounts the busiest men on his list owe. These checks are drawn on his customers' own banks, and are written with a check writer so that the figures are clearly unalterable.

Busy men, this collector states, find time to sign the check he presents when they would not feel justified in going back to their desks and making out checks of their own. It is often easier to sign than to frame an excuse, or ask the collector to call again. The customer can balance his check stub at his convenience, using the receipted bill as a memorandum.

PLAN NO. 17**A PLAN ESPECIALLY DESIGNED TO
HANDLE OLD ACCOUNTS**

This man shows how the credit plan he first used failed, and why, and then describes the successful plan with which he replaced it.

"Make it easy for your delinquents to pay," says a merchant in North Dakota, "and you make it easy to collect old accounts. During my first few years in business, it seemed as though I couldn't do anything with

the accounts that slipped over the line into the slow-pay class. Finally I saw why. It was simply because I was making it hard for the delinquents to pay.

“One man who had fallen behind because of sickness owed me \$25. I knew that \$25 in one payment was out of the question, but I felt that he could and would pay a dollar a week. The scheme worked so well that I tried it with others, explaining my willingness to be lenient and asking for the dollar or two dollars that I felt could be spared. By urging them not to wait until they could square up the whole amount, I commenced to get results, slowly but surely. In fact, instalment collections have had more to do with my success in cleaning up old accounts than all other factors combined. They make it easy for the delinquent to pay.”

PLAN NO. 18

THIS “COIN CARD” PLAN BRINGS IN 90% OF THE SMALL ACCOUNTS IT GOES AFTER

One of the most progressive houses of its kind in the country uses this plan on all accounts below \$1.10, and it handles hundreds each month. The idea brings in the cash on over 90% of them.

A Chicago house has hundreds of small accounts. To carry them from month to month would cause a tremendous amount of detail. Many of the amounts are for less than a dollar, and to insist on a check for so small amount might appear unreasonable.

To get around this the credit department encloses a coin card in the envelope with the statement, and a card stating that “Since the amount is so small, it may be found more convenient to use the enclosed coin card than to write out a check.”

Space is provided on the front of the flap for the customer's name and the amount enclosed.

"This is the most successful plan we have found for handling small accounts," says the collection manager. "It brings results on more than 90 per cent of the accounts so billed. We have had practically no complaint about money being lost in the mails, and it is by far our cheapest method for handling small amounts."

PLAN NO. 19

WHEN COURTESY FAILS THIS LETTER MAY HELP

After two courteous letters fail to get action, the dealer mentioned in Plan 78 sends this one. It usually makes good.

After the dealer mentioned in the Plans 77 and 78 has sent two courteous letters without getting results, he capitalizes the fact that the debtor is under obligations to the firm, sending him this letter:

Certainly it is most unusual to give your definite and distinct promise to pay and then allow your instalments to become long past due without making any endeavor to take care of them. We relied upon your word. Would it not be fair to at least tell us if there is some reason why these payments cannot be met as agreed? Kindly let us hear from you immediately.

"When such a letter gets no action," says the dealer, "there is only one alternative left—to start procedure toward immediate collection of the entire amount still due on the purchase. Liberty to do this is usually provided in instalment contracts—that is, if two instalments become overdue, the firm may demand either the

return of the goods or payment of the whole remaining purchase price. Naturally the realization of the second provision is the one most to be desired." He then proceeds as explained in Plans 77 and 78.

PLAN NO. 20

HERE'S A FORCEFUL REMINDER WITH A PAPER "THANK YOU" SMILE

One credit manager believes that he can always do more with debtors by smiling at them than by nagging or criticising them. Even when they are far behind in their payments he sends these "Thank You" receipts.

One firm handling thousands of accounts, encloses with the receipt the following courteously worded little slip, neatly printed, when payments are delayed:

<p>THANK YOU</p> <p>BUT WON'T YOU PLEASE SEND US YOUR PAYMENTS REGULARLY? YOUR NEGLECT TO DO SO NECESSITATES OUR HAVING TO RE- MIND YOU:—DISTASTEFUL TO BOTH OF US. WE SHALL CONFIDENTLY EXPECT YOUR REMITTANCE ON THE FIRST OF EVERY MONTH HEREAFTER.</p>
--

Another firm sends out the following letter under similar circumstances:

WE THANK YOU

For your remittance of \$11.00, and for the honesty of purpose shown in wanting to pay the account.

It is very annoying, however, to have to remind you so often regarding the payments.

Please be more prompt and save both of us annoyance.

PLAN NO. 21

A FEW TIPS ON AN IMPORTANT SUBJECT

A St. Paul business man tells how he eliminates the objectionable features of the sight draft by using this plan, which he declares has secured very attractive results.

“Sight drafts often offend the debtor,” says a St. Paul merchant. “He may feel that he is being singled out. I never draw on a customer without giving notice, still I make it a point not to give a customer the opportunity to say that he is not getting the same treatment as other customers. I make the notice as general as possible. Following is a paragraph I use with much success:

Our small-account list runs rapidly into "big money" — when these small items total \$5,000, according to our custom of years' standing we draw upon the customers on the list. Therefore we have drawn upon you for \$31.00.

“Another paragraph of the same type is:

If we can get all our small accounts in on presenting drafts for them, we can offer you a genuine bargain next month, for we would then be able to make a cash purchase of a line that would make you a profit of about 40%. That's why we bother you with this small account. Watch our bargain list next month. We are drawing on you for \$31.00.

“This method gets results for us. When the debtor who is drawn on can be made to lose the feeling that the creditor is after his ‘pound of flesh,’ and is shown that a legitimate reason for the action exists, he is much more apt to make a special effort to pay up.”

DEPARTMENT FOR THE COLLECTION OF SLOW DEBTS

251 NINTH AVENUE

J.B. POWERS
MANAGER

Mr. Francis Koehler, Jr.,
Clifton Apartments,
City.

Dear Sir:

Why have you landed in this department?

I don't believe you belong here, but this LETTER IS WRITTEN TO FIND OUT.

You know, every time I am given a batch of accounts to collect, I always find a great many cases of plain oversight, or carelessness, or complaints that haven't been properly adjusted.

Please bear in mind that MY FIRST JOB is to ADJUST TO YOUR ENTIRE SATISFACTION ANY PROPER COMPLAINT. My company guarantees satisfaction.

We expect equally fair treatment, too.

NOW IS THE TIME to settle the score. If I'm fair, and you're fair, it will be simple enough to get together.

So please write me now. If you have a complaint to make, state it, and I'll see that it is made right, knowing that you will then pay your account.

If it has been merely oversight on your part, just mail back this letter with your remittance and I'll know your account really belongs with our "good pay" customers.

In any event, write, AND WRITE NOW. Your balance is \$2.00.

Very truly yours,
SLOW DEBTS DEPARTMENT.

J.B. Powers
Manager.

ALTHOUGH WE START GENTLY—

Who would guess that this "gentle" letter was to be followed in due course by the "calamity letter" on the opposite page? But then it may be wise, as many feel, to start a long way from the climax you really have in mind. Did you notice the "sledge-hammer" letterhead?

DEPARTMENT FOR THE COLLECTION OF SLOW DEBTS

251 NINTH AVENUE

J. B. POWERS
MANAGER:

Mrs. G. R. Middleton,
119 Lexington St.
City.

Dear Madam:

You owe me money -- and I'm going after it as hard as I can.

You thought it was just to my firm that you owed money, but you're wrong.

You owe it to the little stenographer who got a job here to help support her family. You owe it to the widowed mother who works here -- the only bread-winner now for her brood.

You owe it to me -- a young man trying to make for himself a place in this business and who is kept from succeeding because YOUR debt, and the debts of other neglectful customers, stand against his record.

You owe it to us just as much as you owe it to the young men who compose the firm, because we succeed or lose as they succeed or lose.

There are no millionaires in this firm. It is composed of earnest, hard working men with families to support and expenses to meet just like yourself -- men who started to sell to you by mail with faith that you would pay your account.

You may say: "The small amount I owe you won't make any difference."

But it does! Every dollar counts. Your unpaid bill is added to the bad debts of others who are careless, forgetful or dishonest, and away go profits. Then the firm is forced to cut expenses.

Bread-winners must be laid off; and the firm can't afford to advance salaries; all because YOU have neglected to do what YOU gave YOUR WORD to do.

Just put yourself in my place or in the place of those who work with me, and you won't hold back what you owe us a minute longer.

Yours for a square deal to every one,

L.W.C.Ex.

J.B. Powers
Department Manager

TO WHAT EXTREME WE MAY GO!

A new collection plan is probably being hustled into envelopes every ten minutes in some office or other. At times they go to extremes, but it often requires extreme measures to get the cash. Here we have an extreme. It is not necessarily intended to suggest that you try for as "much color."

PLAN NO. 22**THIS PLAN SAVED ONE MAN \$900 A YEAR**

Here you have a plan which leaves scant opportunity for a "slip up" in a collection follow-up system. It's simple, comprehensive, and effective; a time and money saver.

This is a description of how an Illinois business man improved his collection follow-up and saved \$900 at the same time. There are nine stock letters in his follow-up. Under the routine he found in use, a sorter took from the file sheets all the accounts that could be followed up in a day, and sorted them according to the letters which should be sent. Copies of the proper letters and a bundle of accounts were distributed to each typist for the filling in of the names from the accounts. The typists then filled in the letters, stamped the account sheets to show the letter sent, and returned the account sheets to the sorter. The sorter then placed the cards in numerical order again and returned them to the girl in charge of the files for refiling.

Under the new plan a cabinet with shelves for the different form letters used has been placed on each typist's desk.

The typists go directly to the files. Each takes a hundred account sheets and inserts in the files a card-board notice to show which account sheets she has. Then the proper form letter for each account is filled in. A list of signals marked on the account sheet shows which letter is to be sent. Each letter is marked with the proper account number, and a number identifying the typist who handled it. This fixes responsibility.

This new plan made it possible to cut the payroll to the extent of the sorter's and the filer's pay—\$900 a year. The old and new account sheets are illustrated on page 45.

[illegible]

Here are reproductions of the old (lower) and the new (upper) account sheets described in Plan 22. The follow-up letters are keyed in the seventh division of the new card. The sixth is reserved for the date on which the letters are sent out, and the stenographer's initials, while special instructions are noted in the eighth division.

PLAN NO. 23

A PLAN WITH TWO OBJECTS

This plan accomplishes two objects, both of which you will find explained below.

A Western house realizes that to draw a sight draft against a small-town customer usually endangers business relations. Each customer's trade must be kept if possible, it feels, but when an account reaches the sight draft stage, it usually considers drastic action necessary.

To meet this situation the credit manager framed a letter to be signed by the secretary of the company, which can be used at least once on a slow pay customer, and in some cases twice, by making slight changes.

Here it is:

The management has been going over our books and insists that all customers having accounts overdue be drawn against.

I am sure that you can take care of the small amount now due us and have suggested to our credit manager that he wait until I hear from you before drawing, as I know you dislike having a draft show up at your bank.

If you will send us a check for \$123.50 at once this inconvenience will be avoided.

By the way, I have not seen any orders over your signature lately -- why not?

The credit manager declares that this letter not only brings a large percentage of checks, but leaves debtors in such a frame of mind that business relations continue to be cordial.

PLAN NO. 24

THIS "INTER-HOUSE MEMO" PLAN ESTABLISHED A NEW RECORD

This plan draws debtor and creditor so closely together that nothing short of an actual interview could make the point of contact more personal. One credit man says that it is one of the most valuable assets of his department.

Most houses have special stationery for inter-house communications. A large amount of correspondence on this type of stationery came to the desk of the credit manager of a Chicago concern. One day he received a memorandum from the secretary of the company about certain accounts which were far behind in payment. He had written each of these accounts several of his strongest collection letters without securing any results. Sev-

eral of them had been with the house for many years and he felt that he could not write them that he had special instructions to insist on payment, without offending them.

The inter-house "memo" which he received from the secretary gave him an idea. Later it developed into the most successful collection plan ever used by his firm.

He decided to "commandeer"—with permission—the secretary of the company and make him play the leading role in his new collection plan. He then wrote a letter to suit his purpose and had it copied on inter-house memorandum paper and signed the secretary's name to it. Here is the letter:

I had luncheon yesterday with a man who was at one time the collection manager for one of the biggest corporations in the world. As a result of his wonderful record in that position he is now Secretary and Treasurer of the same concern. His strongest point, I understand, was his ability to collect without threat or resort to legal action. That, however, is merely incidental and is mentioned only in order to bring out the fact that he knew what he was talking about when he told me that about ninety per cent of bad accounts were made bad because of poor judgment in handling.

Now, before going further, please understand that I am not criticising your work in any way. Your excellent record since you have had charge of the collection department speaks for itself, but it has occurred to me that there may still be room for improvement. Take for instance the attached account which accidentally came to my attention this morning. It seems that you have sent six letters on this account with-

out eliciting any kind of a response. Now, inasmuch as our accounts are confined strictly to business men progressive and wide-awake enough to be interested in business appliances, it seems to me that if this particular account had been properly handled it would either have been paid or a satisfactory explanation forthcoming as to why it had not been paid — business men do not ignore an obligation of this kind without some good reason.

Please look up the order and shipping receipts, read over copies of the letters you have mailed, and see if you can find anything to which he might have taken exception. If not, write him a frank personal letter, and let me know the result. I am interested in this particular case only from a policy standpoint.

With this "interhouse memo" he sent the following letter:

Dear Mr. Boone:--

The attached personal memorandum from our secretary explains itself.

I have personally looked over the order, shipping receipt, and copies of letters sent you, and cannot find anything that would indicate a reason for non-payment of your account. I am therefore taking the liberty of sending you Mr. Abbott's memorandum in the hope that you will favor me with a reply that will enable me to show that the collection department has not been at fault.

Yours very truly,

Collection Manager.

PLAN NO. 25**ANOTHER COOPERATIVE PLAN WITH
A "BIG STICK"**

Here you'll find some sound advice on a broad type of plan which has been used in many sections of the country with much success.

"A well-organized collection department in a local chamber of commerce or retail merchants' association can work out the disinterested, third-party advice to pay most effectively," says the secretary of a merchants' association in Minnesota.

When organizing an association or collection department for this work, the plan should not be to operate along the methods of a routine collection agency, but to make the debtors understand quickly and plainly that the merchants stand together when it comes to collecting and keeping credit records.

"The association letters used for the collection of claims should carry at the top, or on the back, a complete list of the members and officers of the association, and by-laws or legal items that bear in a persuasive way upon delinquency in regard to debts. These items should make it plain that failure to pay places the debtor's name on a register open to the inspection of all the members.

"The most successful collection efforts consist of dignified, non-partisan letters offering to act the part of an arbitrator if the debtor has any just excuse or complaint, but designed to make the debtor realize as quickly as possible that the association has solved the problem of exacting honesty in paying debts. While the individual merchant can handle most accounts on a basis of mutual satisfaction, association action has a strong moral force in bringing the shiftY debtor to terms.

BAY STATE FINANCE AND INVESTMENT CO. BAY STATE, MASS.					
CAUTION—PLEASE DO NOT DETACH THIS CARD nor write anything upon it. It is for acknowledgment and is to be filled in, detached and returned by Bay State Finance and Investment Company.					
<table border="1" style="margin: auto;"> <tr> <td style="padding: 5px;">DOLLARS</td> <td style="padding: 5px;">CENTS</td> </tr> <tr> <td style="height: 60px;"></td> <td style="height: 60px;"></td> </tr> </table>	DOLLARS	CENTS			DO NOT DETACH
DOLLARS	CENTS				
WE THANK YOU FOR YOUR REMITTANCE OF ABOVE AMOUNT WHICH HAS THIS DAY BEEN PLACED TO YOUR CREDIT.					

This half of a double post card which an instalment house sends out to delinquent customer's serves as a receipt and is returned when a remittance is received. The customer's name and address appears on the reverse side and identifies the remittance. The other half of the card is shown on the opposite page.

PLAN NO. 26

THIS "DISCOUNT" PLAN INCREASED DELINQUENT COLLECTIONS 80%

"Create a personal point of contact between yourself and your debtor and you stand a better chance of getting your money" says a Philadelphia business man. Below he tells how he secures just the right contact.

"In making a collection by mail," says a Philadelphia business man, "if you have a plausible excuse for writing, you have a basis on which to ask for a settlement without causing offence.

"A customer is 'talked into' buying a piece of realty, as he terms it; let us suppose for the sake of illustration, he makes the first few payments with good grace. Then he grows lukewarm. At such a time the slightest misstep will lose him. A bald statement may rouse him

<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <h2 style="margin: 0;">NO NEED</h2> <p style="margin: 0;">ADDRESS ENVELOPE AND MAIL AT ONCE</p> </div> <div style="width: 65%;"> <p style="margin: 0; font-size: small;">TO WRITE A LETTER. PLACE YOUR REMITTANCE AND THIS COMPLETE FOLDER IN ENCLOSED</p> </div> </div>																					
CK	PO	D	X	GC	C																
<h2 style="margin: 0;">FINAL NOTICE</h2> <p style="margin: 5px 0 0 0;">SUBJECT TO DRAFT WITH EXCHANGE</p> <p style="margin: 5px 0 0 0;">IF NOT PAID IN FIVE DAYS</p> <p style="margin: 5px 0 0 0;">BAY STATE FINANCE AND INVESTMENT CO.</p> <p style="margin: 5px 0 0 0; font-size: small;">IF REMITTANCE IS MADE BY PERSONAL CHECK ADD 15 CENTS TO COVER COST OF EXCHANGE</p>																					
<p style="margin: 0; font-size: small;">STATEMENT SHOWING THE ORIGINAL AMOUNT, THE AMOUNT PAID TO DATE, AND THE AMOUNT OF PRESENT BALANCE DUE ON YOUR ACCOUNT HAS BEEN RENDERED.</p> <p style="margin: 0; font-size: small;">SUCH STATEMENT WAS MAILED YOU THREE WEEKS AGO.</p>																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; font-size: small;">PAYM'T DUE</td> <td style="width: 20%; text-align: center;">8/8</td> <td style="width: 20%; text-align: center;">1</td> <td style="width: 20%; text-align: center;">—</td> </tr> <tr> <td colspan="4" style="padding-top: 5px;">Boise, Id.</td> </tr> <tr> <td colspan="4" style="padding-top: 5px;">126773-729</td> </tr> <tr> <td colspan="4" style="padding-top: 5px;">25—</td> </tr> </table>						PAYM'T DUE	8/8	1	—	Boise, Id.				126773-729				25—			
PAYM'T DUE	8/8	1	—																		
Boise, Id.																					
126773-729																					
25—																					
IN CASE OF CHANGE OF ADDRESS PLEASE SUPPLY NEW ADDRESS ON ATTACHED CARD																					

This part of the card makes it unnecessary for the customer to write a letter when sending in a remittance. Two other similar cards showing the original amount, the amount paid to date, and the balance due, have been mailed to the customer when this final notice is sent. The reverse side is blank.

to anger; a simple form notification may sour him on the proposition until he becomes a 'knocker.'

"We avoid this reaction by having our agents give a substantial discount for advance payments, and then after the first five payments or their equivalent have been made, we give the customer a discount of four per cent if he be in the Atlantic section of states, five per cent if in the middle west, and six per cent if in the western section.

"When a customer lapses, we do not go after him on the basis that he ought to pay, but that he is entitled to the discount and ought to have it. This affords us an opportunity to talk from his side of the fence—look after his interests—and appeal to his thrift and money-saving instinct. It offers a sure point of contact, and as a basis from which to work is unexcelled."

PLAN NO. 27**THE "PAY UP" OR "GO TO COURT" PLAN**

Unless a debtor's mind has become so calloused that it is beyond hope, this letter ought to bring either the long deferred explanation or the money.

Here is an unusual "final" letter. Four letters from the collection agency have preceded it, without arousing even a "peep" from the debtor. The collection agency admits its helplessness in getting action and the merchant his determination to go the limit to get action.

Notice how adroitly the entire question of a lawsuit is put up to the debtor. There are no "ifs" or "ands;" no conditions or compromises. It's a plain case of "either-or" and nothing but quick action will stop the lawsuit which the collection agency has declared is the only way to bring the debtor to time. It's a forceful letter—no doubt you can use it sometime.

Your account being still unpaid, the Phoenix collection agency has asked us for permission to bring suit against you. We have requested them to suspend action only until you have had ONE FINAL OPPORTUNITY of remitting VOLUNTARILY to us direct.

We are absolutely at a loss to understand your silence. It is possible that you have some apparently good reason for not remitting for your purchase, but surely you have no legitimate excuse for REFUSING US AN EXPLANATION. We have tried to be courteous and square in our dealings with you, but there is a point where courtesy ceases to be a virtue.

Unless we hear from you BY RETURN MAIL, we shall allow the collection agency to take whatever steps may be necessary to effect settlement.

PLAN NO. 28

THE WRONG WAY AND THE RIGHT WAY

*Results determine which way is right and which is wrong—
and so we call one of these plans a success and the other a
failure.*

A Minneapolis collection agency formerly used a harsh form letter as a first effort to collect its accounts as soon as they were received. It read:

Do you want us to obtain judgment
against you?

Does it make any difference to you
whether or not a blot is placed on your
name in the shape of a court judgment for
debt, which would be a notice to your en-
tire community that you have failed to meet
the terms of a contract which you have
signed?

Is it immaterial to you whether or not
your business associates or neighbors know
that it is not safe to enter into a con-
tract with you, for the reason that you do
not pay your debts and meet your obliga-
tions honorably?

We want you to answer these questions
and if their meaning is plain to you, we
ask that you consider the advisability of
arranging at once to adjust the balance
of \$7.40.

It soon became apparent that this letter was not bringing good results. An investigation to find the reason showed that in a great many instances the letter antagonized the debtor and put him on the defensive, instead of inducing him to make a special effort to settle the account.

A new form of collection letter has been substituted

which reflects a totally different attitude on the part of the collection agency. This new attitude is distinctly an impartial one. Here's this "right" letter:

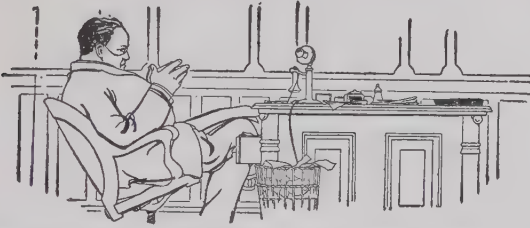
The Jones-Smith Company has placed in our hands the enclosed statement of the amount they claim you are under contract to pay. They state that they have fulfilled their part of the agreement, but that in spite of repeated urgings, you have failed thus far to fulfill your part.

As intermediaries of many years' experience in adjusting differences between business men, we have found that frequently there is a misunderstanding of the terms of agreement; and in taking this matter up for our clients we hope that you will trust us to act in your behalf also (without charge to you), and thus assist in bringing about a settlement on a basis of friendship and good will.

We believe it is our clients' intention to treat you with the utmost fairness, for they are favorably known in the business world; and we infer it is your intention to treat them honorably, for it seems hardly likely that, for so small an amount, any one would wish to forfeit his self-respect and the respect of those with whom he deals.

We invite you to write us fully and frankly. If there is any reason why the account should not or can not be paid, tell us why and your reason will have the utmost consideration.

We trust you will, by your early reply, show your appreciation of our efforts to bring about a prompt settlement that will be fair and just all around.



"I had my back up against the wall" said a business man. "Money was scarce and my creditors were pressing me from all sides." His customers were all business men and going after them rough-shod would never do. In Plan 59 you will find the letter that brought in the money, but resulted in no ill will for him.

PLAN NO. 29

HERE'S A PLAN USED TO CHECK AN IMPORTANT "DIFFICULTY"

Have you ever wondered what to do with customers who habitually pay for goods when past due and pocket the discount? Here is a description of how one business man tackled this difficulty.

"Many customers will take off the two per cent discount, regardless of the fact that the time limit has expired several days before; and some will deduct the amount even though the account has reached maturity," says an Iowa wholesaler. "This I never allow, unless the debtor, when remitting, presents a reasonable excuse, or unless the firm is large and I know they pass their bills for payment on a certain date each month.

"My letter to the man who takes the discount after the time expires is as follows:

Thank you very kindly for your check for \$137.20, which we have applied against your account of \$140.

Your attention, however, is called to the fact that you have taken off the two

per cent discount, although the ten days' time in which you were allowed to do so has expired by twenty days.

Probably this was an oversight on your part. If so, you will, of course, mail this small difference at once. Or, did you purposely take this discount, feeling justified in doing so for some particular reason? If so, you will undoubtedly be glad to let us know the circumstances.

Let us tell you the conditions we face. We have thousands of customers who pay their bills within ten days, simply to take advantage of this discount. You will appreciate that we would do them a great injustice by compelling them to pay within the time limit, while allowing you to settle at maturity and still take off the discount.

Then, too, you probably know that a manufacturing concern depends for raw materials upon the money received from its outstanding accounts.

When we are paid promptly we can purchase these raw materials in bulk quantities, thus getting the benefit of a large discount, and, in addition, often a two per cent discount. This means saving a considerable amount of money yearly. So, to encourage our customers to pay promptly, and place money in our hands to use, we give them a two per cent discount when they pay within ten days.

In view of these facts, unless you feel you have a good reason for taking off the discount, we feel confident that your check for the difference will be received promptly.

PLAN NO. 30**THIS PLAN HELD BAD-DEBT LOSSES TO
ONE TENTH OF A CENT ON EVERY
DOLLAR OF SALES**

A Cincinnati business man tells of a plan that has made better customers of his delinquents and kept credit losses down to one tenth of one per cent of his sales.

“When I open an account I impress upon the customer that it must be paid without fail within five days after the date due, at the very latest” declares a Cincinnati merchant who does an extensive credit business. “I am courteous, but firm, and this complete understanding leads to mutual confidence.

“All collections are handled by me in person. When an account runs over the five-day period allowed, the bookkeeper writes the name and address of the delinquent, with the amount due, on a slip of paper and places it upon my desk. As soon as possible, I have a talk with this customer, either in person or on the telephone.

“I use all the tact possible in the interview without expressing too much sympathy. Perhaps there has been sickness, or unemployment. A number of excuses may be valid reasons for delinquency. Very well. I begin my talk.

“ ‘Mr. or Mrs. Jackman,’ I say, ‘I want you to understand you have my sympathy. Don’t worry about this bill. You have worry enough already. Forget it until you can pay it and make your payments in instalments if you want to. I can’t extend you further credit because of my own financial condition, but ask for me when you come in the store tomorrow and I’ll show you how to buy for cash and get the most for your money.’

“Talk along this line gives me a friendly point of

contact with my customer. Almost always he continues his trade—paying cash—and eventually pays the back bill. I have even known so-called confirmed ‘dead beats’ to be so impressed with my attitude that they continued paying cash until the profits on this business more than balanced my loss on the previous credit trade.

“Consistently following out this ‘let’s get together’ plan has resulted in a seventy-five per cent cash business for me.

“Many merchants look with disfavor at the idea of personally handling collections, but my year’s record of a credit loss of only one tenth of one per cent of the total volume of sales, speaks for itself.

“There’s a certain percentage of dishonest debtors, of course. When I get ‘stung’ with one I write him just once—telling him his account will be given to a collection agency if he doesn’t pay. If he doesn’t, I do. That ends it for me.”

PLAN NO. 31

THE “EVENTUALLY! WHY NOT NOW?” TYPE OF PLAN

An Eastern credit manager believes in wearing down the “slow pays” and “dead beats” by incessantly bombarding them with “duns” of the “Eventually! Why Not Now?” type. Below you will find one of his letters.

“It is no trick at all to collect an account by suit against a person or firm that has resources above exemptions,” declares an eastern credit man, “but it is the collection without suit from those who are law-proof, or who could not legally be forced to pay, that usually tests the mettle of the collector.

“One way to handle this class of debtors is to keep after them so persistently that they will pay to get you off their trails.

"Here enters the psychology of dunning. Human nature cannot stand the continued strain of constant and persistent dunning, and as a rule capitulates if you keep at it long enough. Incessant bombarding will wear out the most obstinate debtor.

"We use a letter which pulls a high percentage in replies, and yet there is no special appeal in the letter. It is just because it is a dun, that's all, and carries the information that they may linger, but that we will nail them in the end!

"Here it is:

Persistency.

That's the stuff that moves mountains. It sells door-knobs in Africa and collects bad debts in America. If it wasn't that Columbus was persistent, he would never have discovered this glorious land. If YOU weren't persistent you would never have obtained the credit for the bill we are trying to collect.

And if we aren't persistent, we won't collect it.

But we are persistent, as you no doubt realize, and we never say die. We still STICK to you until you LOOSEN up, for we are convinced that you WILL pay eventually, and we have decided to stay with you until you DO.

Of course the claim CAN be collected by a law suit -- will be unless you pay pretty soon -- but what's the use of suing, when we can collect it without. Isn't that right?

Of course you can ignore this letter as you have the others we have written you, but THAT won't wear us out, and you can not prevent us from writing you so long as the

bill remains unpaid. We have plenty of stamps, and one or several hundred more make no difference to us. You WILL pay some time.

There is just one way to get rid of this debt, and that is to pay it. You cannot hope to eliminate it in ANY OTHER WAY.

We are hoping that you will arrange to pay the bill NOW, thus eliminating the necessity of further dunning. However, that is your lookout. We'll stop when you pay -- not before.

Persistency is the thing!

"This letter is no 'bluff.' If Mr. Debtor don't pay we keep after him until he does."

PLAN NO. 32

SIMPLE ENOUGH, BUT CREDITED WITH ATTRACTIVE RESULTS

It's often the pestering small accounts, with their worry, work and postage, that take much of the joy out of business life. Perhaps this simple plan may help out.

A retailer who has a large number of small accounts has unusual success in collecting them, which he attributes to a neatly printed enclosure which goes in the envelope with every bill he renders.

The following sentences are printed on this enclosure:

"Please don't say —

"'Oh, it's small — he's in no hurry,' for nearly all our accounts are small; if you'll stop to think a minute, you'll realize that. We hope our customers will be as prompt in the settlement of our small bills as they are in the settlement of larger accounts."

PLAN NO. 33**A CREDIT MAN'S "SAFETY FIRST" FOLDER**

"An ounce of prevention is worth a pound of cure," says the credit manager who devised the folder described in the following plan. It throws a searchlight on the exact status of each credit customer and checks the unwarranted extension of credit.

Systematic arrangement of information about customers is essential for the credit man who handles a large number of accounts, if he is to pass on each order quickly. To keep the files clear of dead material, and show him at a glance the latest report on the financial condition of any customer, the credit man for a Michigan manufacturing plant has devised the folder shown on the next page.

Each flap of the folder has a tab punched with holes in which paper fasteners can be inserted. Papers which it is essential to keep permanently are attached to the left flap. Ordinary papers, such as requests for payment and adjustment letters, are attached to the other flap, and are destroyed as a unit at the end of six months.

Every customer is allotted one folder. His name and address are written on the face in the space designated. Spaces are left below to show the credit limit which has been set for the customer, the estimated amount of his annual business, the bank or banks through which he deals, and whether or not he will pay sight drafts drawn on him.

The three columns under the word "statement" are filled in anew at the first of each month, and they indicate the exact condition of the customer's account. They show the total of bills falling due, as well as of bills that should already have been paid, and the sum of both columns represents the total of the statement

Honest men pay their just debts.

Dishonest men do not pay their just debts.

You owe me \$10.

Which are you?

"I admit that, generally speaking, the rudeness of this letter has more against than for it," says this merchant. "But in many cases it has gotten money I never expected to see, and sometimes customers came back to my store to trade when they kept religiously away before the letter was sent out."

PLAN NO. 35

THIS PLAN BRINGS BACK 80% OF THE "BACKSLIDERS"

No doubt you've seen many an account go "by the boards" simply because the customer lost interest. To revive an account it is often only necessary to revive interest. This plan shows how a New Orleans business man does it.

"The instalment customer who has lapsed on his payments can often be brought back into the fold," says the manager of a New Orleans company. "Take the man who has started to pay on a lot and who has lapsed. Ten to one he wants to keep up his payments; it's just as good a chance that he values his prospective property more than ever, because he cannot continue to pay for it.

"In instalment real estate sales, as, in fact, in any instalment business, there is a time when the instalments paid in do not equal the cost of getting the business. So, if the customer lapses and forfeits his payments, even then you are out.

"At this point we are careful not to keep after the lapsed customer to the extent that he becomes sore on the project. We let him lapse and see that he is sent,

not a continual line of duns, but our most forceful and interest-compelling advertising matter. Then in due time we notify him that, although he has forfeited past payments by not keeping them up, yet he may become reinstated by simply resuming his payments where he left off.

“This is such an obviously fair proposal that eight out of every ten customers who have lapsed do come back into the fold when approached with this offer.”

PLAN NO. 36

AGAIN THE WRONG WAY AND THE RIGHT WAY

*This plan leaves no loop holes for misunderstandings or disputes about either the amount or the date of discount.
A dealer says he uses it effectively on all his statements.*

A dealer who allows his customers a discount for prompt payment formerly stamped the following notice on his bills:

A DISCOUNT OF TWENTY-FIVE CENTS A TON
ON DELIVERIES OF ONE TON OR MORE
ALLOWED ON THIS BILL IF PAID BY THE 15th
OF THE MONTH FOLLOWING DELIVERY.

That was plain enough he thought, but his customers would complain that they had not seen the discount notice, so he had a new rubber stamp made, which reads:

IF PAID BY.....DEDUCT \$.....
OTHERWISE NO ALLOWANCE WILL BE GIVEN.

This is clear to all of his customers and it offers no opportunity for excuse or misunderstanding on the part of those who do not pay before the discount day.



Warner had made a reputation as a "skip hunter." His manager called him into his office and said: "Find that man Booth. He owes everybody and nobody knows his whereabouts." How Warner found Booth and brought back secured notes for the account is interesting. You'll find all the details in Plan 69.

PLAN NO. 37

A PLAN FOR MAKING THE LATE PAYMENT ISSUE VERY DEFINITE

You, too, may have found that sixty or ninety day terms do not impress a very definite due date upon the mind of the average customer. Here is a plan used by one dealer to meet this problem.

"I had trouble with collections because buyers sold on thirty or sixty days' time, and often allowed seventy or ninety days to elapse before the money was paid," declares a Minnesota dealer.

"This inconvenience was materially lessened by having due dates. Instead of selling on terms of thirty or sixty days, I emphasize a definite due date.

"If I sold a bill of goods on the fourth of June, and the customer wanted sixty days, I would say, 'I will give you more than sixty days. I will call this bill due the seventh of August, and it will appear on the ledger

in that way.' The customer could not object to the extra time he was getting on his account, and it was impressed upon him that the bill was due on the seventh of August. While sixty days was a rather indistinct period, the seventh of August meant the seventh, and not the seventeenth of August. I have invariably found the plan very successful.'"

PLAN NO. 38

THIS PLAN SAVED MANY HUNDREDS OF DOLLARS

Here you have credit cooperation worked out with a vengeance. Dead beats are weeded out, and Mr. Slow Pay is given to understand that he must either mend his ways or suffer the consequences.

Interchange of credit experiences saves the merchants of a township in Illinois many hundreds of dollars annually. This desirable condition is entirely due to the effective organization of merchants and business men in the township.

Before this organization was created, merchants of the half dozen towns in this vicinity used the same methods in extending credits that prevail in the majority of small towns. Each dealer traveled his own way and knew nothing about the experiences of his competitors. When Mrs. Jackson, for example, requested the privilege of a charge account, the dealer had, besides her word, only such references as she cared to give; and he relied on his own judgment as to her ability and willingness to meet her obligations. If she failed to pay, she soon transferred her trade to a competitor; and the original dealer usually sat down passively to watch Mrs. Jackson "sting" his rival. The two dealers failed to recognize in her a common enemy.

They found, however, that the war against the "dead beat" could not be waged successfully alone. The man who does not pay his debts relies on lack of organization among merchants to attain his ends. Competition of the sort that aims at a rival's throat is what permits him to prey first on one and then on another dealer, until he has gone the rounds of all. He dreads, above all, having his name listed "black" on an index that can be freely consulted by every merchant member. His past record stands plainly revealed, and the dealer who grants him a credit privilege does so with all danger signals up, and at his own risk.

Merchants of this township now cooperate successfully against the "dead beat," and their experience proves they can do this, not only without injury to their individual businesses, but with positive benefits to themselves. Their success suggests a way for the formation of similar organizations in other communities where the same need exists.

The first problem faced by the organizers of this commercial association was to establish ratings for the credit buyers of the community. This was effected in the following way: Each merchant went through his books and listed his credit customers, giving the name and address in every case. Then he placed a check mark beside each name, showing his experience with that customer. There were five classes: "prompt," "good," "fair," "slow," and "very poor." To save time in compiling the lists, these classes were designated respectively by the numbers 1, 2, 3, 4 and 5.

A "prompt" customer was one who made a practice of paying bills within fifteen days after statements were put in the mail. A "good" customer was one who was perfectly reliable, but usually paid from fifteen to thirty days after his bill was received. Still slower custom-

ers—those who took often as long as a month and a half for paying—were rated “fair;” while those who took even longer than this and received, as a rule, several statements before they responded with the cash, were put in the “slow” class. Undesirable customers whose accounts were collected with great difficulty, if at all, were rated “very poor.”

This original compilation by which merchants classified their charge accounts caused considerable clerical work for each merchant, but under the new method the revisions, which take place twice yearly, are made by the secretary. Printed lists of credit buyers are now sent to members of the association. These contain over two thousand names.

In making ratings, the merchant has only to run through his books, with the list at his side, and mark in the proper number opposite each name that he has on his books. The lists are printed in alphabetical order and extra space is left after each letter of the alphabet, which permits the merchant to write in any names that appear on his books that do not also appear in the printed list. How the secretary performs his duties is described in Plan 39, which follows

PLAN NO. 39

THIS PLAN SHOWS HOW AN ASSOCIATION SECRETARY HANDLES CREDIT DETAILS

One of the best features of the cooperative plan of handling credits, described in Plan No. 38, is the fact that merchants are not burdened with the many minor details usually incident to charge accounts. These are handled by a secretary as described in this plan.

In a merchants' credit association the secretary is the working center. He cards the credit information from the various merchants and holds himself ready to fur-

nish any part of the information to any member, whenever it is wanted. The card on which the secretary of an Illinois association sums up his information is shown in the illustration on page 71.

At the top the buyer's name and address is written. Below is space in which to tabulate the records taken from members' reports for a period of eight years. The space devoted to each year is subdivided into two columns, captioned with the figures 1 and 2. In the first column is placed the information secured in the revision that takes place at the beginning of each year; and data from the second revision of the year goes in the other column. On the reverse of the card, space is left for additional information, such as the buyer's salary, value of his homestead and the incumbrance on it.

The card illustrated, represented as that of James Hawkins, shows how the secretary fills in this information. Running through his reports the secretary found at the beginning of 1918 that James Hawkins had three "1s" and two "2s" reported against his name; that is, three merchants reported him "prompt" and two reported him "good." According to the card, he maintains this excellent credit record through 1919 and 1920, but at the beginning of 1921 his record is not so good. He now has two "fairs" posted against his name, and is carrying six charge accounts instead of five.

The reason for this slump may be known to the secretary. There may, for example, be sickness in the family, which makes it difficult for the head of the house to meet all his bills on time. If this is true, and if the difficulty is in all probability merely temporary, merchants will no doubt be justified, on the basis of the secretary's report, in extending credit to Mr. Hawkins. If the slump is due to the purchase of an automobile,

or a sudden rise in the social aspirations of Mrs. Hawkins, it may be well to go slow and hold Mr. Hawkins' credit limit low.

The direct use which merchants make of the cards kept by the secretary of this Illinois association is the primary function of the association. In a dozen indirect ways, however, the organization has worked for the betterment of credit conditions.

The association, for example, follows a policy of publicity. Residents of the half dozen villages in the township know of its existence and they know the purpose for which it was formed. This fact itself has a beneficial effect on credit conditions. Buyers like to be rated well, and they take pains to meet bills more promptly.

Further, persistent poor pays are practically barred from securing credit in the villages of this township. A majority of the merchants in these towns belong to the association, and the credit buyer who is rated "4" or "5" on the secretary's records, finds it very inconvenient to make purchases without letting go of actual cash. If, after half a dozen merchants refuse his application, he still seeks credit, he is driven to the merchant who is not a member of the association. The latter, provided he accepts the risk and finds it unprofitable, soon discovers that such cases are accumulating on his books. He is forced to enter the association for protection.

This cooperation has been distinctly to the benefit of the merchants of this Illinois township. They realize that formerly they made credits practically in the dark, each for himself. Now they have their mutual experiences, and bad debts are no longer a problem. The fear of revealing business secrets that was experienced by some merchants, has been seen not to be a danger. Benefits from the plan, indeed, are far greater than any possible dangers.

NAME <i>Hawkins James</i>							
ADDRESS <i>526 West Main Street</i>							
1918		1919		1920		1921	
1	2	1	2	1	2	1	2
<i>11122</i>	<i>11122</i>	<i>11122</i>	<i>11122</i>	<i>11122</i>	<i>11122</i>	<i>112233</i>	
1922		1923		1924		1925	
1	2	1	2	1	2	1	2

In an Illinois town the credit record of every charge customer is known to the merchants. Individual card records as shown here, and fully explained in Plan 39, are kept by the secretary of the local commercial association. They show the combined experience of the different merchants with each customer.

PLAN NO. 40

THIS SIMPLE PLAN HELD LOSSES UNDER ONE HALF OF ONE PER CENT

This plan of keeping track of credit accounts was used successfully by a Maryland business man who believes in the rigid enforcement of all agreements.

A Maryland business man who does a \$35,000 business, practically three quarters of it on a credit basis, and seldom loses more than \$150 a year in bad accounts, believes that an ounce of prevention pays.

"I find," he says, "that the best time to talk to a customer is when an account is first opened. Granting credit seems like a favor then. I make it plain that the terms will be rigidly enforced, and it is seldom that an applicant will not agree. Of course, it is necessary to use discrimination, but by learning a man's salary and the time of his pay day I don't have much difficulty.

“After a charge account is opened, I keep ‘tab’ on it by using a filing cabinet for the original sales slips, as an account register. The total is carried forward each time a new slip is made out, so the last slip always gives the total amount due. I am thinking of buying some of the equipment on the market for this sort of work. I attach a red cardboard showing the time and credit limits to the clasps that hold the sales slips in place. If the amount of the purchase, added to that already owed, exceeds the limit shown on the red card, the clerk notifies me at once and I take it up with the customer.

“My present credit system works very satisfactorily, but I would like to collect some of the bad bills that accumulated before I started this method of placing and enforcing limits on accounts.”

PLAN NO. 41

“THE MOST EFFECTIVE COLLECTION PLAN I EVER TRIED OUT”

There is really very little to it except courtesy and service, but a little of these goes a long way in collecting money, as well as in selling goods. The man who uses it says it is the simplest and most effective plan he ever used.

A manufacturer in Kansas City has what his credit manager terms, “The simplest and yet the most effective collection plan I ever tried out.”

It fairly glistens with service and courtesy and, in its final analysis, is so dignified and business-like that it forces itself out of the category of dunning letters.

At the bottom of all statements sent out is printed in red a notice that the firm considers a charge account an accommodation to the customer and that it is conferring a favor when it allows a customer to mail checks rather than be annoyed by collectors.

At the end of ten or fifteen days, if no remittance is received, the following courteous reminder which emphasizes these features, is attached to the statement:

Our customers appreciate the fact that we do all our collecting by mail, and it has been proved that mailing checks is much more satisfactory than having a collector call.

Will you kindly send us remittance to cover your statement by return mail and greatly oblige us.

Amount due:

\$3.74.

PLAN NO. 42

THIS PLAN IMPROVED COLLECTIONS 90%

Any plan that brings about 90% improvement in collections is surely worth a little study, don't you agree? That is exactly the record made by this one.

"Salaried and wage earning people make up the majority of our customers," says a credit manager in a New England manufacturing city, "and we encourage them to run charge accounts.

"Statements were sent out the first of the month until recently, when we realized collections were very slow—good but undeniably tardy. Some bills ran from sixty to ninety days and it took two collectors and a host of letters to get the money in. Something had to be done.

"I analyzed the problem and found that the people we deal with are honest, but that their monthly incomes do not leave much surplus after paying current bills. Here was about what happened to our statements. They were received and put away until pay day. If this was on the 8th or 10th of the month, much of their reminding force was lost and the rent, gas, light, heat

and telephone became preferred obligations. If the money went around, we got ours—if it didn't, we waited. Of course, the customer held out enough cash to carry him through the month.

“There was the problem, too, of the fellow who spent as little as possible during the month and on pay day went out on a celebration. No matter what form this took we almost always held the bag.

“I solved this trouble by getting statements to the debtor on his pay day. The date of this is now required as part of the information on which we grant credit. Personal calls by the collector are made on pay days.

“The result is that we have only about ten per cent as many overdue accounts, one collector does the work, and the collection cost has been cut materially.”

PLAN NO. 43

THIS PLAN SUMMARIZES THE CREDIT POLICIES OF 286 SUCCESSFUL BUSINESS MEN

In this plan you have in a nutshell the credit policies of 286 up-and-doing men. Stripped of all detail these policies shake down into the six classifications, shown in this plan.

The best way to reduce excessive credit losses is to study the methods of those who have been successful in meeting corresponding situations. One investigation into the methods used by 286 merchants to reduce credit losses classifies their methods, with but three exceptions, under six broad policies:

- (1) Securing a distinct understanding of terms and limits
- (2) Handling customers according to their individual situations

- (3) Cooperating with fellow merchants
- (4) Making collections monthly
- (5) Being impartial
- (6) Securing new accounts on the basis of the additional convenience, instead of the unusual ease with which goods may be purchased

It may prove profitable to you to look over carefully the operation of each of these six methods.

See Plans 44 to 48 inclusive.

PLAN NO. 44

DO YOU FIND IT HARD TO IMPRESS YOUR CREDIT RULES ON CUSTOMERS?

Here is a description of the first of the six methods used by the 286 men back of Plan 43. It's important.

After deciding whether your credit policy is going to be generous or restricted, the next step is to impress upon customers rules which will carry out your decision. When a man asks for credit he is most often in the position of seeking a favor—you can “talk turkey” to him if you use ordinary tact.

Credit should not be given if it does not mean an advantage to you, and if extended to a customer who has neither the restraint nor the funds to use a charge account properly, trouble is ahead.

It is harmful, of course, unless the capital of the business is being overtaxed, to go too far in refusing credit, once it has been decided to grant terms. The average man is honest, and the law of averages is favorable to granting credit after a single glance, provided investigations are made later. But a careful, pleasant, tactful, and clean-cut explanation that credit means keeping a certain amount of stock outside of the business; that only a limited amount of capital is available for such

use; and that it is therefore necessary to receive money on charge accounts regularly, according to definite rules, will help the new credit purchaser to live up to his intention to pay promptly.

PLAN NO. 45

THE DANGER OF EXPECTING TOO MUCH OF YOUR POSTMASTER AND HIS MEN

Now here is the second method "ok'd" by the 286 men (see Plans 43 and 44). It has to do with a mighty important point.

There is danger in relying too strongly on postage stamps. It is quite possible for the merchant with a small trade to know every customer on his books, and the larger firms can at least keep card records detailing characteristics and previous relations. Both practices make it possible to adapt collection methods to the delinquent, once it becomes necessary to use them. The man behind with his bills must be brought to the paying mood, encouraged to exert effort enough to hand over money, and shown that the merchant is willing to help him keep his promises to pay, even to the extent of arranging for instalment payments.

PLAN NO. 46

"ALL PULL TOGETHER AND WE'LL GET THERE SOONER" CERTAINLY SOUNDS LOGICAL

This is the third method endorsed by the 286 men. It's by no means the least important of the six they swear by.

Now the third method—cooperating with fellow merchants. Local credit bureaus, either as independent organizations or branches of the associations of com-

merce, offer a means to bring together every merchant's experience with the credit applicant. A capable secretary to handle the reports, a simple code for reporting results, card files for the data, loose-leaf books for the ratings, a determination to deny credit when the ratings are adverse, and an earnest interest in sending information to the secretary, will make a success of a bureau of this type. When the bureau is opened slow pays may be given a "jogging up" by writing them that a list of delinquents must be sent to the secretary. Often, too, the bureau can bring troublesome accounts to time by sending out impartial letters on its letterhead.

Dealers in several lines are now organized nationally to handle collections and catch "skips."

PLAN NO. 47

A CAUSE FOR POOR COLLECTIONS THAT MAY BE REDUCING PROFITS LESS THAN 1000 MILES FROM YOUR CASH DRAWER

Number four among the six methods perfected by the 286 business men. It's as sound as any among the successful six, too.

A former president of the National Wholesale Grocers' Association says that when he asks retailers "When did you send a statement to this party?" more than a few answer, "Oh, three or four months ago—he doesn't pay any attention to statements." The fourth method of the successful six has to do with just such a situation—the distributor who is inattentive to the overdue money on his books has little cause to expect that he will get it. Prompt collections promote the habit of paying, and an absolutely definite program, well understood by all concerned, will do a world of good in checking credit losses.

Customers who are allowed to think they do mer-

chants a favor by paying bills make poor risks. When their bills become heavy they as like as not shift to a competitor or start buying from catalog houses. Many investigators feel that slack retail collection methods often turn well-intentioned customers into the dead beat class.

When a customer falls behind, an immediate investigation may uncover the all-important information needed—why he did not pay. If a courteous personal call can not be made, a short series—say four—of cumulative letters which make it plain that they are leading up to more radical action if indifference continues, should go out promptly and the radical action follow absolutely on schedule, if necessary. The 286 merchants whose credit policies were investigated for material for this plan and the four plans preceding it, find that promptness of this sort keeps accounts out of agencies and guides customers towards frank, businesslike credit transactions.

PLAN NO. 48

WHAT HAS THE MAN YOU SEE IN THE MIRROR EACH MORNING TO SAY TO THIS?

Here you find the last two of the six methods that won out for the 286 merchants. If they succeeded in so many businesses, isn't the chance that they will help you, even if you're not a merchant?

Fifth is the elimination of all partiality. Favoritism makes for trouble in credit affairs exactly as in all others. The merchant who carries "pets" on his books, as he calls them, will find that the competitor who treats everybody alike gets more trade at a better net profit.

Last of the successful six methods is the admonition to obtain credit accounts on the basis that they afford

greater convenience and not by urging how easy it is to get goods through them. There is no doubt but that carefully handled credit facilities are worth advertising. They supply you with one of your keenest weapons against competition. Still, stating openly that a credit account makes the gratification of wishes a matter of words is sure to lead to slow collections.

PLAN NO. 49

THIS PLAN "ATTAINED ITS OBJECT"

This manufacturer believes in going a little deeper into the subject than the next fellow—and that's the sort of work that usually makes good.

A manufacturer now well established in the West started in business with only the proverbial "shoe string." When some one asked him what he considered the requisites of success in business he replied: "Honesty, hard work, and credit, but the most important is credit."

It is therefore but natural for him to emphasize to his delinquent debtors the value of protecting their credit, and all his collection letters contain that line. When these letters fail, he encloses a card on which he has epitomized his ideas about credit. It reads like this:

IF EVERY MAN WOULD REMEMBER THAT A
ONE DOLLAR DEBT MAY DESTROY THE
CREDIT THAT TOOK NINETY-NINE DOLLARS
TO ESTABLISH—HE WOULD GUARD THAT
CREDIT

"I believe," this manufacturer declares, "that it is as important for me to educate my customers to pay as it is for our salesmen to educate them to buy, and my plan of teaching them the value of credit has, with few exceptions, attained this object."



Kingman was not a collector—his specialty was selling advertising. An advertiser had cancelled his contract and refused to pay his account. "He's got a grudge against us" said the collector. But Kingman had a chat with him, got a check for the account in full, and opened the way for additional business. See Plan 8.

PLAN NO. 50

WHEN MR. DEBTOR ASKS FOR MORE TIME, TRY THIS PLAN

We all know that care must be exercised in granting the request for extensions for fear that the privilege will be abused. This plan shows how a credit man in St. Paul tackles the problem.

"When a debtor writes me in a straightforward manner requesting an extension of time on his account, I always grant it," says the credit man for a St. Paul firm, "provided the requested extension is not too long; provided it is the customer's first request on that particular account; and provided also that my past experience with him has not taught me that he habitually makes such requests.

If, however, the length of time requested seems unreasonable, I shorten it; if it is the debtor's second request, I usually grant it, but explain to him frankly that he can not consistently expect further favors for the same reason; and in cases where he shows signs of developing the habit of asking extensions, I write him at length

that he should, and must thereafter, arrange to meet his bills more promptly in order to insure our continued confidence in him.

“In cases where the account is large, and an extension of more than two weeks is asked, I generally request a reasonable part payment by return mail and allow an extension on the balance.

“In granting these extensions, I never grant a short time or a few days. Always, I require a definite payment date; and if the customer does not mention one in his letter I fix it for him. On these occasions I write as follows:

I refer to your letter of the 17th requesting a few days' extension on your account of \$65.

It is a pleasure to accommodate you this time, and we shall, therefore, grant you until May 15th. On that date, then, at the latest, your check in full payment is expected to be in our office.

“On short extensions of time, if the remittance is not received on the specified date, I write politely but forcefully. If reasons justify my granting a long extension, I usually remind the debtor a day or so in advance.”

PLAN NO. 51

THIS PLAN GETS QUICKER ACTION

This plan certainly carries with it a “hot” letter—no doubt entirely too “hot” for everyday use, but you’ll nevertheless not begrudge the time it takes to read it, for you want to get an idea of what extremes are at times necessary.

The manager of a western collection agency states that he has at times found it a very successful plan to appeal to delinquents from as many different angles as

possible in a letter. "Many debtors who are being constantly bombarded by dunning letters, seem obsessed with the idea that there is no necessity for making a payment until a series of dunning letters has exhausted the angles of appeal the collector is able to discover," he declares.

"For this reason I have found it successful to put as many appeals in one letter as possible and I find that I get quicker action. Here is one letter which I have found especially successful. It holds out but little hope for the debtor to console himself with:

This is a collection letter ----

But it's a different kind!

I'm not going to try and "scare" you into paying for that lamp which you ordered on May 15th, giving me your positive promise to pay the \$1.50 balance in ten days.

But I AM going to try to appeal to your MANHOOD. I'm going to try to reach that "something" inside of you that would make you ASHAMED to slip your hand into my pocket and abstract a dollar bill --- and it is the same "something" that makes you ashamed to keep my goods and refuse, fail, neglect, or forget to pay for them.

Now you justly owe me this small bill --- you KNOW that --- and maybe it was at first inconvenient to pay all of it, and things just slipped along until you forgot about it. Maybe you got angry. Maybe you were out of work and absolutely unable to pay.

BUT THERE IS CERTAINLY ONE STEP YOU CAN TAKE! That is to send me SOMETHING on account, and tell me just exactly what to expect.

I'm making this frank explanation to

you because I want you to have a chance. Do you realize that your failure to pay this bill may seriously impair your credit standing? We belong to a cooperative credit association and sooner or later if you do not pay we shall be obliged to give your name to this association as a man who does not pay his bills. Now, of course, we have no wish to injure you in any way. But we sent you goods in good faith, believing you to be honest, and we must do our share to protect other dealers from loss if it turns out that you do not intend to pay. So I suggest that you REMIT SOMETHING. If it's only 50c or a dollar — it will show you mean to do what's right.

PLAN NO. 52

HERE A SIMPLE MELODY GOT THE MONEY

No doubt the Minneapolis merchant who uses this plan figured that if "music hath charms to soothe the savage breast" it ought to be effective in loosening the purse strings of some of his slow-paying customers.

Just a bit of "Comin' Thro' the Rye" and a dunning ditty is all there is to this plan. A Minneapolis merchant stamps words from a parody on the famous song and appropriate music at the bottom of his statements with a rubber stamp when his customers fail to remember that he "needs the money." It's an unusual plan, but an effective one.

<p>If a bod-y trust a bod-y</p>	<p>May a bod-y ask a bod-y</p>
<p>And fail to get prompt pay,</p>	<p>Please re-mit to day?</p>

PLAN NO. 53**THIS PLAN KEEPS A TIGHT GRIP ON
ITS TASK**

Keeping a "whip handle" grip on the instalment accounts of any business is only a matter of detail, but it really isn't as simple as that sounds. In this plan a business man who knows what he is talking about particularly thoroughly tells exactly how he is enabled at all times to tell exactly how accounts stand.

"A retail store which sells goods on the instalment basis to persons whom it does not know personally, must supply the lack of personal touch and the absence of any opportunity for detailed investigation of each customer, both of which a wholesale house can and does possess, by a plan of records and accounting which cover three objects," says an Illinois merchant. "It must enable the store to have as ample security as possible for the goods it has sold on credit; it must keep track, without the use of expensive agencies, of its customers, as regards their places of residence and work and circumstances; it must allow the office to know at all times the condition of every account and provide a means for regularly following up these accounts—that is, it must provide a special kind of bookkeeping suited to this kind of business.

"When a customer orders a lot of goods and wishes to pay for them by instalments, the salesman itemizes the goods on an order blank such as that indicated by the form on page 85. He enters an itemized statement of the goods on this, with the price at which he is selling each piece and the key cost price on the tag of each. He also enters the name and address of the customer, the amount of cash which he wishes to pay down, and the amount and number of the instalments.

"The order blank is then given to the bookkeeper,

a sales or day book, where are entered all the day's orders, whether cash, charge, or mortgage sales. Sufficient details are here entered so that the book can serve as a source from which to post the ledger.

"The ledger used in this system is really more than a ledger. It is a history and record of every detail of the case. This will appear in the mention of the number and kind of entries made on the ledger in the later developments of the case. The ledger page is divided into blanks as indicated by the form on the next page to accommodate the entry of all details required. At the time of the first entry all the details on the order blank are entered on the ledger.

"When the sale has been entered in the sales book, two cards, exact duplicates of each other, are made out, as shown by the form on page 88. The name and address of the customer, the date and amount of the sale, and the terms of the sale are entered at the top. Below are blanks for the entry of payments, and in the lower left-hand corner is the ledger number of the customer's account. The reverse side of the card is also ruled for the entry of payments.

"The first entry to be made in the payments column will be the cash paid at the time of purchase. The balance due and the date of the next payment are always entered whenever a payment is made, and any remarks regarding the payment, or the next payment, or the account in general, are entered in the column provided.

"One of these duplicate cards is the collector's card, the other the office card. The latter never leaves the office, but is filed in a case numerically, in such a position that the ledger number of the card is at the upper right hand corner of the case, always visible. This card is used for reference in the office.

"When a customer comes in to see about an account,

Name _____					1
					2
Address _____					3
					4
					5
					6
Business Address _____					7
					8
Date of Sale		Amount		Terms	9
					10
					11
					12
					13
					14
Last Payment _____				Expiration _____	
					15
Payments			Balance Due	Remarks	16
Date	Amount				17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					No.
Forward _____					

AN INSTALMENT ACCOUNT CARD

This card is made out in duplicate as explained on Page 86. The upper portion is for data regarding the account. Below are blanks for entering payments, and in the lower right hand corner space is provided for the ledger number. The reverse side is also ruled for the entry of payments.

Always Bring This Book With You

Ledger _____ Page No. _____

Name _____

Address _____

Payments of \$ _____

Due _____

Salesman _____

If You Remove Goods Without Reporting at Our Office You Forfeit all Payments

Instalment customers of the retailer mentioned in Plan 53 are provided with books like this, in which payments are entered. This avoids making out separate receipts and enables customers to know at all times exactly how their accounts stand. All the necessary information about the account is noted on the cover.

"On January 11, the clerk takes out these cards and arranges them in their numerical order. She then looks up in the ledger the account of each card. One card shows that a payment of \$20.00 is due today, the ledger shows that the \$20.00 was paid by the customer on the 9th. She enters this payment on the card, enters the date of the next payment, say February 5, and puts card to one side, for filing in the '5' pigeon hole.

"The next card may show a payment of \$8.00 due. The ledger account shows no payment made, so the clerk puts this card to the other side; it will go to the collector the next morning. The next card shows a payment of \$6.00 due today. The ledger entry shows that the customer has been in, paid \$3.00, and said he would pay the balance on the 20th of the month. The payment is entered, the promise is written in the remarks column, the date of the next payment is entered, and the

card is put on the first pile, to be entered in the '20' pigeon hole of the cabinet.

"So all the cards are run through. When finished, there will be two piles of cards: the cards in one to be filed again, after the entries made on them have also been made on the office cards; the others to go to the collectors. That evening the cards are given to the cashier for inspection and comparison with her cash entries of the day. Some payments may have been made that day, and these people must, of course, not be dunned again.

"If such a payment has been made, the proper entry is made on the card and it is placed with the first pile. Some customers may have been in and said they could not pay today, but would in ten days. This entry is made, and the card properly filed.

"The cards left for the collectors are classified by districts and given to the collectors the next morning. Before the collector takes them out, he enters the name and number of each in a book which he leaves in the office. This serves as his receipt to the clerk for the cards which he has taken. When he returns at night, he enters opposite each name what has been done about the payment, which he has also written on the card, and hands the cards back to the clerk, who checks them off. The cash collected he turns in to the cashier, with the names and addresses of the customers.

"When an account is fully paid up, the note is returned to the customer, the mortgage cancelled, and the two cards destroyed, since the record on them is fully recorded in the ledger also. Should this customer wish to open another mortgage account, his whole previous record, his promptness in paying, his faith in keeping promises—in fact everything, can be looked up in a second."



In Plan 22 a business man explains his collection follow-up system which saved him \$900 a year. On another page a simple form is reproduced which keeps another man's files clear of dead material. (Plan 33.) In Plans 53 and 62 are still other simple forms for short-cutting collection routine.

PLAN NO. 54

A PLAN FOR "LAST TIME" COLLECTIONS

This plan is not very elaborate, but the man who originated it says that collections have been "considerably higher" since he perfected it.

"Handling collections courteously has saved considerable money for us," says the manager for a western company. "We had trouble in making final collections from tenants who were vacating houses, so I worked out a plan whereby with each final statement there was enclosed a card engraved with this inscription:

IN SUBMITTING THE ENCLOSED BILL, THE
FINAL ONE FOR YOU AT THE OLD ADDRESS,
THE COMPANY TAKES THIS OPPORTUNITY
OF STATING THAT IT HAS ENJOYED THE
PLEASANT RELATIONS WHICH HAVE EXISTED
IN THE PAST AND HOPES THEY MAY BE RE-
SUMED WHEN YOU MAY AGAIN BE IN NEED
OF OUR SERVICES.

"The percentage of collections in such cases has been considerably higher since introducing this card."

PLAN NO 55**“BROUGHT IN MORE MONEY THAN ANY
LETTERS I EVER SENT OUT”**

The credit manager who uses this plan believes in short intervals between letters. He makes his hit hard and sends them out every five days.

“I used to think that it was all in the letters,” said a Springfield wholesaler. “Now I am convinced that it is almost as important to get the letters to the debtor at short intervals as it is to get the right kind of letter. When letters come two or three weeks apart, they give the debtor too much chance to say ‘there is still plenty of time’—when they arrive five days apart the debtor begins to figure that the final one is coming sooner than he figured.

“I experimented with several follow-up letters along this line, and the four letters printed below, when sent out at intervals of five days, were not only successful, but brought in more money than any I have ever used.

No. 1

I enclose a memorandum of your account which is now past due. Probably the fact that the amount is so small has made you overlook it.

As these small accounts were incurred for the benefit of our patrons and do not permit expense in the way of collecting, I am writing to you personally. Please make out a check for this sum and send it to me immediately.

Don't bother about writing -- I understand how these oversights occur. Just pin your check to this letter and mail it to me in the addressed envelope enclosed.

Thank you.

No. II

We wrote you several days ago requesting a remittance to cover your account.

Evidently the letter did not reach the proper person or department in your office, as we have received neither remittance nor reply.

As this merchandise was shipped you on Jan. 10, and as it was distinctly understood that our terms were cash after 30 days, we are at a loss to understand your attitude. Perhaps the goods have not arrived or are unsatisfactory in some way. If so, let us know at once and the matter will be adjusted promptly.

At any rate, you as a business man will appreciate the fact that unless we have a sufficient reason for your actions, it will be impossible for us to permit your account to remain in this condition. Please explain why you have not made a payment, as agreed, or send us a check by return mail.

No. III

Your account is now 60 days overdue.

Don't you see that by treating us in this unjust and unbusinesslike manner, you are seriously injuring your own credit? We are reluctant to think that you are willfully ignoring this account, disregarding our rights, and your standing as a reputable business man, but we will be compelled to assume this attitude if you allow this letter to remain unanswered.

We should much prefer to find that there has been some good reason for this condition of affairs; but if you give us no

explanation we shall consider your silence as practically an invitation to take any action necessary to protect our interests.

Please remit immediately on receipt of this letter so that we will not be obliged to put this account in the hands of an attorney in your city, an action that will inevitably result in a loss to you.

No. IV

We have written you three times asking payment of your past due account of \$16.00. You have not only ignored all of our letters, but you have failed to give us any reason for your delay in making payment.

Under these conditions we will not carry this account any longer, and unless you pay it within ten days we shall at once place it in our attorney's hands for immediate suit, without further notice to you.

PLAN NO. 56

THIS PLAN PAYS BIG DIVIDENDS ON A TEN-CENT INVESTMENT

Really there isn't very much to this plan, looking at it from your side of the fence, but if you were a banker you would see at a glance just why the house that uses it gets attractive results.

Many firms send out drafts in great profusion accompanied simply by a printed form of enclosure, and express great surprise that the country banks do not give them very much attention.

An Iowa house came to the logical conclusion that the bank is worth its hire, and since then has enclosed with every draft that goes out ten cents in stamps, in a sep-

arate envelope on the outside of which the following notice is printed:

We enclose ten cents in stamps to defray the postage, and so forth, involved in handling the enclosed draft.

If the draft is paid and the exchange is not, you may deduct independent of this.

If the draft is refused, we would like to have the reason for its return stated.

Please make personal presentation.

“Results have been clearly apparent,” says the credit manager of this concern. “Nearly every draft that goes out, if not collected, comes back with some endorsement that aids materially in handling the account, and a more cordial relation has been established between our house and the bankers.”

PLAN NO. 57

THIS PLAN MADE INSTALMENT CUSTOMERS “TOE THE MARK”

Getting the “backslider” to pay up his account is no easy job, and at times unusual methods are necessary. The dealer who uses this plan has found it exceptionally effective.

“We do not begin our collection series until after a second monthly statement, marked ‘Second Notice,’ has failed to bring a reply,” says an instalment dealer. “If two weeks pass without a response, a first letter is sent, calling the debtor’s attention to the fact that the account has been overlooked and requesting immediate payment. We point out in this letter, courteously, the necessity for keeping these instalments paid up promptly. This is followed by a paragraph like this:

You may have overlooked the fact that in signing this contract you agree to send us a remittance regularly each month until

your account is paid in full. This, however, was the agreement and we have planned on receiving payment in this manner.

We feel certain that you will find it most satisfactory to adhere to this plan, for if you allow two or more instalments to accrue, and are compelled to send us the whole amount in one remittance, it may work hardship. We will appreciate it if you will pay the overdue instalment at once and see that future instalments reach us promptly each month as they fall due.

"If this courteous letter does not, within ten days, bring a payment, or at least a reply, a second letter, more urgent in tone, is sent, cautioning the debtor against the inconvenience accumulated instalments may cause and bringing the matter to a head by insisting on payment by a certain date.

"In the case of a business man we give the promptness and regularity expected a specific application in this manner:

You undoubtedly have our last letter somewhere on your desk and you have been planning to send that check at the first opportunity. But each day the obligation has slipped your mind. Now, let us make two requests. Make a memorandum on your calendar pad of the other payments, so that they will come to your attention each month, and send us a check to cover the past due payment today. Then we will have no occasion to trouble you with reminders in the future.

"If the account goes beyond this stage the credit manager sends a third letter, which exhibits absolute fairness, but is more severe in tone. This letter is shown in Plan 78."

PLAN NO. 58

THIS LETTER HAS A HARD TASK

What task could be much more difficult than refusing a man's request, and then setting out to sell him a bill of goods? But here's a letter that often does just that!

"The large-calibre credit man realizes that he is a salesman as well as collector, and must coddle along the 'little fellows' even at the expense of an occasional lost account," asserts the credit manager for a Missouri house. "This is the price the house is willing to pay for the additional business that could never be secured otherwise.

"Here is a letter we send out to a customer on whom reports have not been satisfactory. This letter does not tell the customer bluntly that his standing is not satisfactory. A sugar coating is given to a bitter pill by assuring him that the reports 'do not give the required information,' and as an inducement to secure his order on a cash basis we offer a special discount:

In seeking information from the usual outside channels for establishing a credit rating for you, we find our reports have not been sufficiently detailed to permit us to arrange an account on an equitable basis. These reports all speak very highly of you in a personal way, but do not give us the required information on assets compared with liabilities, to enable us to arrive at such a credit basis as we feel you unquestionably are entitled to.

We assume you want our goods for your early fall trade. It is imperative, therefore, that we ship immediately. We suggest that on this order you arrange to favor us with a draft, in consideration of which we will be pleased to allow you a

special discount of 3%. Bear in mind that we suggest these terms only on this first order, as we feel confident we can easily arrange a credit basis for all future shipments you will need in our line.

We sincerely trust you will take no personal exception to this suggestion, which we have made in your interest solely. We thank you for the kindness of an immediate, and, we trust, favorable reply.

In Plan 14 you will find another letter written by the same credit man, which he also has found very effective.

PLAN NO. 59

WHEN NECESSITY IS KEEN AND DISCOUNTS ARE POSSIBLE THIS PLAN MAY HELP

Speaking of "necessity being the mother of invention," here is a plan that nothing short of desperation made necessary. The business man who used it saved himself from bankruptcy, and is still doing business with the same old customers.

"I had my back against the wall," declares a Chicago business man who does an extensive credit business. "My wife had been ill, an operation necessary, and a real estate deal I was in went wrong.

"Money was scarce with me and all my creditors seemed to choose the same time to shout demands for their money. I began to imagine myself telling it to the referee in bankruptcy.

"I realized I couldn't go roughshod after my debtors. They were nearly all responsible business men and an attempt to dun them by harsh methods would have meant losing much of my trade. So I decided I must get after them with some inducement to settle quickly. A cash discount for immediate payment was the idea

I struck upon. I wrote a letter to every customer owing me, and the results it brought carried me along until the clouds lifted. Here is the letter that saved me:

While it is unusual for us to offer a discount, and our margin of profit does not justify it, it happens at this particular time that our expenses are unusually large, and it is quite necessary in order to meet unexpected circumstances that we make some concession to raise money by the end of this week.

Should you have money lying idle in the bank, perhaps a discount of 5% for the enclosed bill will be sufficient inducement to forward us a check.

We want it thoroughly understood that this is not a request, but only an offer we are making you -- you are at liberty to accept or decline.

Should you care to favor us, please forward check so that it will be received by Saturday, at the latest, as we will be unable to discount beyond that date.

PLAN NO. 60

TWO LETTERS FOR THE DEBTOR WHO DOESN'T MAKE GOOD HIS PROMISES

A Boston merchant believes that when he grants an extension of time, he is placing himself on the defensive if he allows the agreement to go unfulfilled. Here he describes some of the measures he takes to keep on the offensive.

"I have found that it doesn't pay to allow debtors too much leeway in making promises and not cashing in on them," says a Boston merchant who does a \$450,000 a year business. "In the majority of cases

promises are only a 'stall' on the part of the debtor who either doesn't want to pay or is playing for time. If you allow one promise to go by unnoticed, you place yourself on the defensive and the first thing you know you have more promises but no money.

"I find it very successful in checking this promise nuisance, to make a careful note of all promises and the exact date they are to be fulfilled. If the debtors don't make good on that date, I don't give them a chance to congratulate themselves that I forgot, but I send them a letter that gives them to understand that I expect promises to be made good.

"Here is the letter:

At your solicitation we extended the time of payment on the above account, and should have received your remittance yesterday. Perhaps it will come to us in this afternoon's mail, but we have not yet received it in accordance with your promise, and hence this reminder.

We feel that you surely have remitted as you said you would, and hope that your letter has merely been delayed in the mails. But if you have forgotten your pledge, please 'Get Busy' and mail it NOW -- while it's fresh in your mind -- you surely will appreciate the consideration we have shown you.

I can imagine just how you must feel about this, and thoroughly appreciate your position, for I too have made promises in good faith and afterwards forgotten them. So I feel pretty certain that this reminder will bring your remittance, if you have not already sent it to us, and thus close an incident that might lead to a more serious situation.

"Where no extension of time has been granted, but where a debtor has violated a straight promise to pay on a certain date, I send this letter:

We are sadly disappointed that you have not kept your recent promise to send us a remittance to apply on your account. We believed you WERE SINCERE and that you would FAITHFULLY keep your WORD. It may be that unforeseen circumstances have prevented you from doing so, and if this is correct, don't delay giving it your attention now, so that we can credit your account, and close an incident regrettable to us both.

Please attach a check to this letter and return it by the next mail.

"I have found these two letters most effective in getting debtors to understand that promises will not be accepted simply as excuses for delaying payment."

PLAN NO. 61

THIS "TELEGRAM PLAN" KILLED TWO BIRDS WITH ONE STONE

Not only does it warn the customer that his account is due, but this plan in addition leaves him without a defense should he insist in taking the discount later. Perhaps it applies best to rather big amounts, but, then, "an idea's an idea," says the man with his weather eye open for new plans.

"In cases where a special discount is allowed for payment within, say, thirty days, it is a good plan to remind the customer a day or so ahead of the date when this discount period expires," says a manufacturer's representative who has built up a big business in Minnesota. "I make use of a telegram in this connection.

On each customer's bill is printed in red ink a statement to the effect that if it is paid by a certain date—thirty days from the date the goods were supplied—a special discount of two and one half per cent will be allowed him. Suppose this discount period expires on December fifteen. On the morning of December fourteen the customer will receive a telegram worded:

“‘Today is the last discount day on our November account.’

“‘This acts as a strong reminder to the customer and impresses upon him the necessity of sending the check the day the telegram is received. The plan takes into consideration the fact that when the average man receives a mere statement or a request for payment he puts it aside and in many cases the statement gets entangled in the mass of papers that accumulate on his desk.

“‘The ‘telegram scheme’ gives the recipient little chance to forget or mislay—it demands immediate attention, and usually gets it. It furnishes no excuse for customers to say, ‘I intended to take the discount, but forgot when it was due,’ and it leaves them without a ‘leg to stand on’ if they do take the discount after the discount time has elapsed and we refuse to accept their check.”

PLAN NO. 62

“THESE COLLECTION RECORDS ARE VERY SIMPLE”

How a credit manager for an exceptionally progressive concern keeps an “eye” on the exact status of all accounts receivable is fully explained in the following plan.

“We have found that our ability to make satisfactory collections depends largely on our knowledge of conditions among all our customers. Therefore we have rec-

ords and statistics that tell us exact conditions in each and every one of our territories," says the credit manager of a Michigan company. "The methods used in our collection work can be adapted to almost any business.

"We sell nationally, on instalments, and have both 'open' and 'secured' accounts. We have numerous branches, which are permitted to handle collections up to a certain point. All accounts are referred to the main office as soon as they become thirty days past due.

"The record that shows us most clearly of all the general condition of our collections is a graph. It gives us a month-to-month picture of three classes of facts that are important for us to know. These facts are shown by lines of various colors on the graph, as follows:

(1) The percentage of sales-ledger cash collected, to the balance remaining on the books (that is, the total amount of money collected in the regular course of business on 'open' accounts);

(2) The percentage of accounts thirty days past due, to the total sales-ledger balance outstanding,

(3) The percentage of delinquent bills receivable ('secured' accounts) to the total amount of bills receivable outstanding.

"As I stated, these figures are worked out for us in the form of a graph, so that at the end of each month we know exactly how our results for the present year compare with the results secured in previous years.

"We can tell where the weak spots are, and we know in what directions we need to put our greatest efforts toward collections. Naturally, also, the graph is interesting and helpful to us in our credit work.

"Even more important, from the point of view of credits, however, is the tabulation of collection statistics by branches as indicated by the form shown on page

105. It is sufficiently large to contain the record at each branch for a period of five years. The balance due and uncollected at the first of the month is shown; next comes the figure showing the amount and percentage of this uncollected balance that is secured by the collection department during the month.

“This record also shows the amount of money that is thirty days past due, and the relation—in percentage form—that this figure bears to the total amount outstanding. Finally, we tabulate the total number of accounts, and those that are thirty and ninety days past due.

“This record is kept for each month of the year. Figures showing a condition worse than that of the same month for the previous year, are entered in red, so the sore spots become evident at once. Our credit work is also greatly helped by these figures, because we are doubly careful in passing accounts in any locality where collections are proving difficult.

“Another simple record which we keep is along much the same line, and has been very helpful. This record is kept by branches and states. Territories are allotted to our branches along state lines, so it is easy to keep the figures in this way.

“We show, first of all, the total amount of money outstanding at each branch and in each state; then the amount that is delinquent in each case; and, finally, the relation of this figure to the total amount outstanding. These figures, it is easily understood, are helpful in credit making in the same way as the record described above. They are also indicative of where it is necessary for us to exert ourselves most in making collections.

“More records would only confuse us. We have, in fact, tried having several different kinds of statistics drawn up, beyond those I have described; but we have

[illegible]

This report form for watching collections from branch offices is referred to in Plan 62. It shows exactly how successful each branch manager has been each month in taking credit risks and pushing collections. Its usefulness is not limited to branch houses, for it can easily be adapted elsewhere.

found that money may easily be spent in this way which does not show returns. So we have finally found it best to confine ourselves to these.

“In connection with credits, we keep a monthly record showing the number and amount of orders canceled and declined. The latter figure is given in detail to indicate how much has been declined by the general sales department, and how much by the credit department. This is helpful in showing up any unusual conditions which may need to be remedied, and it shows where to go to apply the remedy.”

PLAN NO. 63

EVER THINK OF TRYING A FUNNY STORY?

A good story with just the right point to it, almost always "gets over" even with the man who owes you money. This plan shows how a credit manager used one effectively and thereby cashed in on a lot of delinquent accounts.

“One of the best collection letters I ever wrote,” said a credit manager who has a reputation for holding down losses, “was built around a story credited to a southern dinky. The point to the story was so pertinent to my

business that a debtor must be 'as blind as a bat' not to see it.

"With some misgivings I decided to incorporate it in a letter to the debtors it would hit the hardest. I was more than surprised with not only the cash it brought in, but, in many instances, the good feeling that it caused, as evidenced by some of the replies. Here is the letter:

Samuel Green, a gentleman of color, had been married about a week when he met Colonel Mayberry Moore, the local judge, on the street in a Southern town where they lived.

"How's married life, Sam?" the Colonel asked, in a patronizing tone of voice.

"Oh, married life's all right, Cunnel," Sam replied, sheepishly. "On'y one thing th' matter with that wife o' mine, Cunnel. She's always askin' fo' money. Ev'y mornin', noon and night, fi' cents, ten cents, fifteen cents, -- she sho' gimme no rest whatsoever."

"That's too bad, Sam. What does she do with all this money?"

"I dunno. I ain't give 'er any yet."

Do you sometimes wonder what we do with all the money we don't get from you?

It takes lots of money to put our goods across -- it takes a lot of money to keep the good work going, and when just a few don't look their obligations in the eyes -- it causes a deficit that hurts all the way 'round.

It isn't much. You won't miss it. It's just a question of sitting right down and sending it in. Why don't you get busy with your fountain pen, an envelope and a

stamp and clean up your account? It'll make the whole day brighter.

A return envelope is enclosed for your reply.

PLAN NO. 64

THIS "MAN TO MAN" PLAN ALSO LANDED MANY AN APPARENTLY HOPELESS DEBTOR

The dealer mentioned in the preceding plan would perhaps not be the successful merchant he is if he were not prolific in ideas for collecting money. Here is another plan he uses.

"Another of our plans has been remarkably successful in bringing in the money on small accounts that are almost hopelessly delinquent and too small to warrant any expense in collecting through an attorney," he says. "It has landed many an apparently hopeless debtor. The appeal is made on the basis of 'Now, we understand each other, let's be square.' It is a man-to-man method that gets many a dollar threats would never pull. Here is one of them:

'Huh! Another dunning letter! Those people needn't be nervous. They'll get their money sometime.'

That's probably what you said when you saw this letter. But instead of tossing this aside for "tomorrow," or junking it altogether, just stop and consider us for a moment.

We don't like to write dunning letters any more than you like to get them, but you see you have a little of our money — \$9.82 of it. That isn't much, and of course you intend to pay it.

'But let's square this thing up now.

Don't read another letter until you have wrapped your check in this one and mailed it back in the enclosed addressed envelope. That will rescue your name from our "unfair" list, and you don't know how much we'll appreciate it.'

"After all, our success in collecting instalment accounts is pretty much a matter of understanding the people to whom we sell and concentrating our endeavor on keeping them from getting behind. In other words, we can not take it for granted that customers will pay promptly. We have to see to it that they do. And it means action at the first suspicion of delay. It is far more difficult to collect two instalments than it is one, and the farther behind a customer falls, the less profitable his purchases become. Early persistence is better than later sacrifices."

PLAN NO. 65

SPECIAL PLANS ARE OFTEN NEEDED FOR SPECIAL CASES

You may say that this plan only applies to special cases. That is quite true, but the big principle behind it—getting facts at first hand before you make ticklish credit decisions—applies to scores of cases; that's why the plan is printed.

"Jackson is getting along fine. He has just bought a new machine."

This casual remark from a salesman over the luncheon table put Warman, credit manager for a wholesale firm in New York, on his guard about Jackson, who had an account on his firm's books. Only three years before, Warman remembered, this Connecticut dealer had difficulty in getting himself established in a small store of his own, and it seemed hardly likely that his profits so

quickly had warranted the purchase of an automobile.

At the end of six months Jackson asked for an extension of thirty days on an overdue bill. He claimed that business had been unusually dull. Warman wrote a noncommittal reply and sent an adjuster into Connecticut by the next train. The adjuster had instructions not to make known his identity, but merely to look the ground over and report.

It was Saturday when the adjuster arrived. In his report to the home office he told of finding the store crowded. Two salesmen, besides Jackson himself, were kept busy handling customers. Indirect inquiries around town also seemed to indicate that the store had every reason to be prosperous, and the impression of Jackson's neighbors was that he was doing very well.

Warman, therefore, felt reasonably sure of his ground when he sat down to dictate a frank letter to Jackson. He talked straight to him about extravagance, told him that he had not spoken the truth in stating business was bad; in short, that the real truth of the matter was that he spent beyond his means. Warman then pointed out that he had no right to let his business suffer merely in order to make an appearance in the community; and, finally, that an automobile was a fine luxury to have, but that the operating bills run high for the man who is just starting in business.

Warman closed his letter with these paragraphs:

Now tell me honestly -- does your wife know that while she is driving around in your new machine, you are writing to me asking for an extension of time on a \$200 bill?

I doubt it. If she had known how close run you are in the store, she would never have let you buy it.

As a plain business proposition, I must therefore ask you to tell her about it before I grant you that extension. If you cannot cut expenses any other way, sell the machine; for you know, and I know, that it's straining your profits to the limit to keep it.

Warman's aim was right, and his letter went straight to the mark. Two days later he got Jackson's reply. The first paragraph read as follows:

I showed my wife your letter and we haven't driven the machine since. We're trying to sell it.

Warman granted the extension.

PLAN NO. 66

TWENTY-FOUR OF THESE LETTERS BROUGHT SEVENTEEN CHECKS

A letter threatening suit, if used only as a lever to force collection, must be tactfully worded and still be positive in tone. The letter reproduced in this plan made a high record for itself.

"When an account has reached the stage where nothing but a threat to sue will get action, the real work of letter writing begins all over again," says the credit man mentioned in Plan 1. "More than half the letters written to debtors, threatening suit, have been used only as levers to force payment. It is therefore absolutely necessary that the debtor be given no hint as to the real purpose of the letter. He must be as firmly convinced as possible that if he does not pay he will be summoned into court. The following letter is written with these facts in mind and has been unusually successful in securing results:



Creditors don't stand much chance of getting a hundred cents on the dollar after the sheriff has become the "sales manager" of a business. In Plan 73 you have an instance of how one business man succeeded in collecting a \$1,500 debt by arriving at the scene before this officer of the law put in his appearance.

If within the next ten days you do not send us your check for \$49.80, in payment of your invoice of July 10th, or explain why you have held up payment, we shall feel compelled to hand the account to our attorneys.

We will regret having any trouble, but you must admit that when you fail to meet your obligations, or explain why, we are justified in taking measures to force a different attitude upon you.

Will you do what you should to avoid a lawsuit?

"Twenty-four letters like that brought seventeen checks in full payment of accounts, and three explanations or excuses for holding up payment and requests for short extensions. Every letter was answered; not one debtor was offended. When I state that in one year out of twenty thousand accounts ranging in amount from \$10 to \$5,000, I have resorted to legal aid but twenty-three times, my letters speak for themselves. Legal action to collect a debt is always expensive and in most instances, unsatisfactory."

PLAN NO. 67**ALLOW MR. DEBTOR NO LOOPHOLE FOR
DOUBTS OR EXCUSES**

Give a debtor an opportunity to make too many excuses and the chances are ten to one that's about all you will get. That is why the merchant who uses this plan believes strictness a big asset.

"My aim in letters to debtors is always to convey the idea that I am master of the situation," is the statement of an Ohio merchant whose business is on the upgrade. "I approach the debtor firmly, yet courteously. Before I dictate I convince myself that it is going to bring the money. Therefore my letter never wavers or permits the debtor any doubt of my intentions.

"I never beg for payment. I eliminate such phrases as 'if convenient,' 'we shall appreciate,' 'will you,' 'can you not.' They are weak, and suggest to the debtor that he may, if he wishes, have more time; they give him an opportunity to put you off. Moreover, I never suggest an excuse for my asking the debtor to pay promptly, other than the fact that the order which he signed gave him just so long to arrange for payment. Excuses employed by some collection men—like the old one, 'we are in need of funds'—are seldom effective. Yet, all through my correspondence, I try to manifest the utmost fairness.

"The 'we' element is eliminated as far as possible. Wherever possible to do so, another word is used, or the 'we' is left out. The 'you' element predominates.

"I insist on having my letters neatly typewritten. They must be free from erasures. Punctuation, spelling and paragraphing must be perfect. No abbreviations are allowed. The typewriting must be 'blocked' in the center of the letterhead as accurately as the stenographer can estimate; the right-hand margin must be even."



When a man asks for credit he is often in the position of asking a favor—you can “talk turkey” to him if you use the ordinary tact. Often the success of your credit policy depends upon talk of that sort. And that is one of the important points in the credit policy of the 286 successful merchants outlined in Plans 43 to 48, inclusive.

PLAN NO. 68

THIS PLAN EITHER GETS THE MONEY OR WEEDS OUT THE UNDESIRABLE ACCOUNTS

The step next in importance to getting business is getting the money. A Texas business man has a third step, getting rid of the business if you can't get the money! Here is his plan.

A Texas jobber, who also represents a number of manufacturers, uses an effective series of collection letters that makes it possible for him to always keep a “whip-handle” grip on his accounts.

His series contains three letters, each courteous and effective. They are businesslike and are not written on a basis of “we need the money,” but from the angle that “sound business principles demand you pay us.” Here is the first:

Your payment was missed this week.
Not a serious matter, and we are in no way
worried over your account. However, we
have to make weekly reports to the factory,
and they require us to make our reports
promptly.

You will remember our salesman explained to you that you got the lowest cash price because we merely act as factory agents, selling on a small commission, and have no collectors. We are going to hold last week's report a couple of days longer.

I hope we will not have to send in this report without your payment.

The second letter is sent ten days after the first was mailed and is a bit more severe in tone:

You have missed two payments. We are wondering if you have any reason for this. We held the report to the factory two days last week, expecting you to come in. Rather than have your name on the list as the only one who did not pay, and feeling this payment had evidently been overlooked, we advanced the payment.

We know we have treated you fairly, so please extend us the business courtesy of telephoning or writing, if you can not come in the store to-morrow. We do not feel justified in advancing your second payment, and unless you make this payment within two days, we must report your failure to the factory.

The climax is reached in the third letter, which the jobber says "has just enough 'kick' in it" to bring any customer to time whose business he desires to keep. If this letter does not obtain results, business relations are severed until such time as the account is straightened out and new arrangements made. Here's the letter:

I was very much surprised when our cashier laid your account on my desk as a delinquent. He tells me you have not paid us promptly, which I regret very much.

You are about four weeks behind on your account. No one has ever accused us of being unfair in our treatment of customers. We are always anxious to go more than half way to be accommodating, but, of course, the only conclusion I can draw from your silence, is that you do not care to meet your obligation with us.

This is the third letter we have written and is positively the last. Now you can save trouble and money if you go to the nearest telephone and call Blair 6134 and tell me when you will make us a payment.

I will have to take drastic means with your account unless you heed my advice
AT ONCE.

When this letter fails to bring action, the "weeding-out process" begins automatically.

PLAN NO. 69

ANOTHER PLAN TO SHOW THAT SPECIAL CASES REQUIRE SPECIAL TREATMENT

This man used a ruse to get his money, that's true, but he certainly harmed no one, and perhaps saved the debtor a lot of trouble. At any rate, the plan is printed simply to point out the basic principle that special cases require special treatment.

"Find this man Booth," said the collection manager of a Tacoma firm to his assistant, Warner. "He's owed this bill for several months and our letters are being returned marked 'Moved, left no address.' I have information that he owes about every merchant in town."

Warner has made a reputation for himself as a "skip hunter" and it was up to him to maintain it.

After much useless inquiry he finally found that Booth had a cousin named Frank Carter. Carter had

a telephone and Warner decided that this was one of the times when the telephone would bring better results than a personal call. He decided that if Booth was keeping out of sight, that Carter had been either warned not to mention Booth's hiding place to unknown inquirers or left entirely without knowledge of Booth's whereabouts. If they knew anything about his hiding place they would not tell a collector according to Warner's analysis; if they knew nothing, they could not help.

So Warner made up his mind not to be a collector. He next decided that Carter was "Frank" to members of the Booth family. When "River 2651" was answered, Warner therefore asked sharply, "Is Frank there?"

Then Warner smiled. The plan was succeeding. He could hear a feminine voice calling, "Frank, oh Frank," and some steps. Then a man spoke—undoubtedly Frank—"Hello, what is it?"

"Where is Henry now, Frank?" Warner queried, in as casual a tone as he could muster.

"Out on Stark's farm at Brookfield," came the answer without the slightest hesitation. Then Carter evidently recalled warnings to be cautious, for he asked, "Say, who is this, I——" Warner was not interested in explanations, however, and hung up the receiver. He went to Brookfield, found the Stark farm and had a talk with Booth.

The next day he went into his chief's office and told the story.

"I found the old fellow way out on a farm—he has been putting every cent he could scrape together into Louisiana land on the advice of a lifelong friend.

"All of a sudden he found he couldn't liquidate as quickly as he expected, and bills heaped up. He has evidently always been as honest as the day is long, and the thought of the bills made him sick.

"When the pressure grew heavier, he gave up in desperation and went into hiding," Warner continued. "As a matter of fact, the Louisiana land is good and he's perfectly safe. By explaining to his creditors he could get more than enough time.

"But he didn't know that, until I put him right—I guess he thought an overdue debt meant prison. At any rate he's all straight now, and will be in to see you."

"He's evidently a bit different type of character than I expected," the boss interjected.

"Yes, I think he is," Warner continued. "He is about as peculiar a sort as I ever hope to run into. It was simply a lack of knowledge about financing that got him into this mixup."

"Just what is he going to do besides pay us a visit?"

"He's going to call on all his creditors," Warner explained. "I got his note for your account and enough good Louisiana land security to cover up on ten times as much."

PLAN NO. 70

THIS PLAN INCREASED AVAILABLE CAPITAL 100%

*This plan certainly made good in a thoroughgoing way—
it turned a credit business into a cash enterprise.*

"It has been my experience that business men generally have gotten into a rut regarding credits and collections. The fear of losing patronage to competitors is usually the bugbear which keeps them there," says a successful Detroit dealer.

"Fully seventy per cent of all the business done in our store is on credit. At the close of the year's business we formerly had fifty per cent or more of our

annual sales on our books—accounts unpaid. We were borrowing money occasionally from the bank to discount our bills. It formerly seemed to me that the main thought in the customer's mind was first to see how cheaply he could buy from us, and then how long he could make us wait for our money.

“Several years' hard work at reorganizing my credit system found me at the end in the same old hole—half my business and certainly all of my profits still on the books. Then and there I decided that I would put my business on a satisfactory basis so far as accounts receivable were concerned, or 'bust.' ”

“I studied the subject pro and con for many months. I wanted a system which would not only be absolutely fair to the customer but would offer him advantages by actually saving money on his purchases, and I secured it.

“Shortly after I decided on my plan everyone on my mailing list received the following letter, which explains our system. We also advertised our new terms in the newspapers, and published a pamphlet on ‘Spot Cash and Its Advantages.’ Here is the letter:

After January first this business will be conducted on a cash basis. You will get the benefit of the change.

We are aware of the fact that the general public does not realize how important it is to the buyer, how advantageous it is, to buy for cash. We know this because so few have taken advantage of our regular cash discounts.

We want to make it clear to you that you do reap a real benefit, and the purpose of this letter is to explain how.

First, get it firmly in your mind that when you pay cash you get the benefit -- in

a cash discount, and in cheaper prices -- all cash in hand -- money that you would not have otherwise.

In operating our business on a cash basis, we have two distinct propositions to make you -- business propositions that will pay you interest on every cent you spend with us.

Cash Offer No. 1.

After January first we will give you a discount of four per cent on all payments made to us in advance on estimates, or on bills of material which we furnish -- the same basis as bankers pay on certificates of deposit.

There is money for you in this cash offer.

There is so much actual profit in it for you that you can make money by borrowing money at the bank and paying eight per cent, just to have the cash in hand to get this four per cent discount, because -- four per cent discount is the same as forty-eight per cent interest for one year.

Cash Offer No. 2.

Our second proposition is to allow two per cent on all fifteen-day bills paid the 15th of the month. That is, you may purchase material from the 1st to the 15th, and then make full payment and get the two per cent discount. This applies also to material purchased from the 15th to the 30th; if paid on the 30th, you can get the two per cent discount.

Two per cent cash discount is equal to twenty-four per cent interest for one year.

When all is said and done, the best that can be said of credit is that it is

convenient. It is a business proverb that the man with the cash buys the cheapest. Davis quality, Davis prices and Davis service are known to you as good, honest, fair and helpful -- with this change to a strictly cash basis you will be more than ever glad to trade with us, and pleased with our goods and our service.

Do a little figuring for yourself. Whether you are a big buyer or a little buyer, the facts and figures given above show you a real genuine, cash-in-hand-saving here.

Let us add that while we do not intend to curtail or refuse credit in the future, to the deserving, we must and will insist upon a different procedure in settling open accounts. As retailers we must settle our accounts within thirty days, or at the most, sixty days. We shall ask the same settlements from our credit customers. That is, all accounts are net, or due in sixty days, and must be settled either by cash or "bankable" paper, at a rate of interest that will be accepted by the bank.

While we adhere strictly to the foregoing, we wish to give you our cordial assurance that any courtesies we can extend you will be cheerfully accorded in the future as in the past.

"On the back of this letter I printed a zinc cut of a bank labeled 'your bank,' and a cut of our building labeled 'our business.' Under the former I printed: 'Your bank will loan you money at eight per cent interest,' and under the latter: 'We will gladly pay you twenty-four per cent on this borrowed money.'

"Between these two cuts and captions I printed the following:

BORROW MONEY AT EIGHT PER CENT—LOAN IT AT TWENTY-FOUR PER CENT—NOTHING TO LOSE—EVERYTHING TO GAIN. YOU CAN GET INTO THE MONEY-LOANING CLASS WITH YOUR FIRST CASH PURCHASE FROM US. THE LETTER ON THE OPPOSITE SIDE OF THIS SHEET EXPLAINS FULLY THE ADVANTAGES TO YOU OF OUR CASH SYSTEM WHICH WENT INTO EFFECT JANUARY FIRST.

“We did not start out with the idea of placing our business on a strictly cash basis. We were determined to better existing conditions through a plan which we believed would bring us in more cash each month, and would do away, in part, with our extensive credit business. But as a matter of fact we soon did not have to trouble with any credit business at all! (See Plan 72.)

PLAN NO. 71

THIS PLAN IMPROVED RESULTS 70%

Here you see how \$350 went to waste that might just as well have been saved—and the way to do the saving is also described.

“A Nebraska dealer in the days before I came here, owed us \$500,” says the credit manager for a Western wholesaler. “Two letters failed to bring any explanation other than a reply that he simply did not have the money at the time. Following blindly the routine collection process, my predecessor sent this customer a brief communication telling him to find the money somewhere or go to court. Suit followed, the merchant went into bankruptcy, and we ultimately received less than thirty per cent of our claim.

“A few months after I took hold a similar situation arose with an Indiana customer on a six-hundred-dollar

account. Delaying summary action, I proceeded to make a thorough investigation of the case. In a few days I found that the customer, although temporarily embarrassed, had always been a shrewd and careful merchant, and that, if given time, he would probably regain his financial position. I wrote him this letter:

We appreciate fully the contingencies that have made it impossible for you to settle your account with us before now, and as a mark of our appreciation of the promptness with which you have always met our requests in the past, we are glad to extend to you any reasonable privilege.

What amount could you arrange to pay us monthly on your present account? If you can make regular payments on it, we will be glad to ship you in the meantime any goods you may desire up to a reasonable figure, and you can settle for them on receipt of the statement each month. This plan should work no hardship to you, and it will enable us to continue doing business on our long standing and cordial basis.

"To this letter the merchant replied offering to pay \$50 each month. This I succeeded in raising to \$60, offering to ship the merchant new goods up to the value of \$100 monthly, to be paid for promptly.

"On this basis the \$600 account was settled in full, the firm secured, and was paid promptly for, the current business, and a year later, when the customer had reinforced his bank balance, the house secured practically a monopoly of his trade in its line.

"You can see that by my plan the offer of a definite rate of payment came from the merchant himself. In this way I succeeded in drawing the dealer out, getting an insight into his financial condition and betraying

none of my own extreme eagerness to secure a settlement.

“This is one example of how cautious and considerate treatment of the customer and an understanding of his case just at the critical time, may point the way to a compromise rather than to a court.”

PLAN NO. 72

“WE FIND THIS PLAN HAS MANY ADVANTAGES”

Changing over from credit to cash is not an easy task in any line—that's one reason why you'll find this plan unusually interesting.

“Changing from a credit to a cash business is not accomplished without first meeting many objections from old customers who are accustomed to the old method,” says the dealer who contributed Plan No. 70.

“The response to our first letter (See Plan 70) announcing the change in our policy came largely in the way of personal inquiries. We would sometimes have as many as ten or fifteen customers in our office at one time asking for a detailed explanation.

“My clerks and I always used the same illustration. We would take one hundred dollars as the price of the customers' purchase, and assume that he would pay the amount in thirty days under the old system. If he paid on the fifteenth or the thirtieth of the month, he would be entitled to a discount of two per cent—a saving of two dollars. Then we suggested that he could easily borrow the one hundred dollars at the bank by offering the banker eight per cent interest for thirty days; which would amount to sixty-seven cents. Since his discount came to two dollars, he obtained a net profit of \$1.33.

“We illustrated the four per cent advance discount

by showing customers that they could well afford to borrow the one hundred dollars at eight per cent and hand it to us in advance on a purchase. The four per cent discount, figured on a hundred-dollar basis, nets the purchaser \$3.33 on his money in thirty days. Many of our customers came back at us and said that we should offer them five to ten per cent discount for cash.

“Right there is where we got in our best work. A two per cent discount on a thirty-day account amounting to one hundred dollars nets the purchaser a saving of two dollars, which amounts on an interest basis to twenty-four per cent per annum. That is where we landed our strongest argument by saying: ‘Your bank will loan you money at eight per cent interest—we will gladly pay you the same as twenty-four per cent interest per annum on this borrowed money.’

“We find that the system which we have adopted has many advantages. It brings us into contact oftener with many of our customers—those who take advantage of the discounts. Our dealings with our customers are more satisfactory. For example, when a customer comes in now to settle his account, the transaction is fresh in our minds—not over fifteen days old, and at the outside not over sixty days old. Therefore any errors which may have occurred are easily adjusted.

“Again, we feel that we have placed all of our customers on the same basis, for we offer them a square deal by giving cash consideration, whether they pay in advance, on the two settlement dates, or on the net date. This gives us an opportunity to enforce terms after the discount date is past. If we did not insist on customers giving us ‘bankable’ paper bearing interest to cover the sixty-day account, we would not feel that we were treating them the same as those who had taken advantage of the discounts.”

PLAN NO. 73

THIS PLAN GOT THE MONEY BEFORE
THE SHERIFF ARRIVED

This plan shows how a business man who stood a good chance to lose \$1,500 grabbed time by the forelock and collected his money.

"Sometimes you must take unusual steps to get the money," says an Iowa business man. "I was confronted recently with the problem of how to collect \$1,500 from a merchant who owed another firm more than he did us. I found when I arrived in the town that a man from the other house had made an effort to get his money, but had contented himself chiefly with promises.

"After analyzing the customer's business and the methods under which he was operating, I made up my mind that the time had come to collect, if we hoped to do so at all. I told him we must have a settlement. He said it was impossible—that the people who owed him would not pay, and he must have more time.

"Then I offered to show him how to get money. 'I'll stay with you,' I said, 'until some of these people do pay.'

"He was glad to have my help. I went into his store and made myself a part of it, got acquainted with some of his biggest debtors, and induced them to give him their notes. I went out in the country and hunted up other debtors, taking their notes, also. Under his authority, I collected cash whenever I could. Nobody in the town, except the dealer himself, knew whom I really represented. Among other steps I took was to find a buyer for a stock scales and yard belonging to my debtor. I had observed that it was a poor venture, for while on paper it appeared that it was paying dividends, it consumed too much time and attention. For

this I secured \$1,500. He was quite willing to sell the property when I made it plain to him what its possession really meant to his business.

"I stayed a week with him, and when I left I had collected almost enough, in cash and notes, to settle the account. To make up the balance, I persuaded him to return certain goods.

"This merchant later failed and a sheriff became his 'sales manager.'"

PLAN NO. 74.

"IN ALMOST EVERY INSTANCE THIS 'C. O. D.' PLAN WON OUT"

This plan will remind you of Plan 6. It's true that they are somewhat alike—and both successful.

"It's been my experience," says the credit manager for a Kansas City department store, "that many people who have plenty of money are often as slow, if not slower, than those who have but little. We find this to be true with many of our customers.

"At times it becomes a serious problem to know just what to do. To dun them too hard often not only irritates them, but causes them to trade elsewhere. The plan which has worked the most successfully is what we call our 'C. O. D.' plan, and in almost every instance it accomplishes the end we are after.

"For instance, a customer whose credit is perfectly good, but who becomes forgetful at times, allows her account to drag thirty days behind, and then, without heeding our letters, comes in and orders more goods.

"Our plan commences to operate when the purchase slip comes up for an O. K. to me. I note the condition of the account and instruct that the goods be sent C. O. D. Next morning the driver rings the customer's door



It often pays to try "something different"—no matter what that "something" be, a funny story, Plan 63; a piece of string, Plan 79; a bit of melody, Plan 52; a question mark and your initials, Plan 12; just a blue pencil mark, Plan 15; or but a short note that glistens with courtesy and service, Plan 41.

bell and asks, say, \$20 for the package he brings. Instantly she becomes indignant. There must be a mistake, she insists. Her purchases are always charged. The driver, however, has no alternative—he must bring back the money or the goods.

"He suggests, however (it is not the first time he has played the part), that she call up the store by telephone and ask the credit man for an explanation. This is exactly what I count on and in answer to her call I pretend to take a hurried look at the books and then explain. Her account, I note, is considerably overdue. Probably some subordinate in the department, unappreciative of the extent of her patronage, has held up the charge ticket. Of course, it is unfortunate, the store apologizes and the driver is called to the customer's telephone and told to leave the package. It's, of course, a ruse, but a justified one, I think you'll agree.

"The customer receives her goods in triumph, but she has also received a mental jolt regarding her delinquency and I have an opportunity to speak of it personally, a thing I could not very well do without such an excuse. A day or two later a check is pretty sure to find its way to my desk."

PLAN NO. 75**ITS ORIGINATOR SAYS THIS PLAN
ELIMINATES GUESSWORK**

The man who worked out this plan says that it has saved time in many instances which is a perfectly good recommendation, don't you agree?

"When it comes to credit I cut out the guesswork," says a successful Michigan retailer. "If the wholesale houses knew no more about their debtors than many of us do about ours, they would not last through the best of seasons.

"When I started to get a firmer hold on my credit accounts I bought a filing cabinet and a stack of regulation filing cards. In that cabinet I now have all the information I can get about practically every family in our county and some in adjoining counties.

"First I went over the tax list, next I got the list of the subscribers to the local newspapers, and finally I sent a man to neighboring towns to inquire among the bankers and merchants. This work also added to my mailing lists for special sales. Each season I bring the lists up to date.

"I put the names on one side of the cards, with the credit estimate in small figures in pencil at the top left-hand corner. On the other side of the card goes all the information I can get on property, income, responsibilities, debts, firms owed, references, and the like. The cards are filed alphabetically.

"I hold to the estimated credit allowance through thick and thin, unless special arrangements are made. If during the month it appears that a customer is going to exceed the estimate, I write to him and explain that I can only carry so much credit business and that he has about used up the portion of it allotted to him. I

then ask him not to exceed the prearranged amount until special arrangements have been made. And I am always exceedingly reluctant to make special arrangements. I believe the time to collect accounts is before they become top heavy, and my plan for watching them has saved me losses in many instances."

PLAN NO. 76

HERE'S AN OLD FRIEND—THE GENTLE REMINDER

It's usually the small accounts that swell your "bills receivable." If the "gentle reminder" with which you are endeavoring to gather them in is worn and threadbare, perhaps this plan will give you a new idea.

A supply dealer in Memphis is compelled to carry a large number of small accounts and often experiences trouble in collecting them. The following letter proved a very successful means of holding the total of these amounts down. Many of them amount to less than a dollar, so a coin card is enclosed.

JUST ONE MINUTE, PLEASE!

YES, THIS IS A CIRCULAR, BUT DON'T GIVE IT THE CUSTOMARY TOSS INTO THE WASTE BASKET. THINK JUST A MINUTE! ISN'T THERE SOMETHING THAT YOU HAVE BEEN TRYING EVERY DAY TO REMIND YOURSELF TO DO?

Why, yes! That little balance for which we billed you. You were glad that we didn't delay your order to write you for the small amount. You received a statement the first of the month and have been intending to take care of it, but each day it has slipped your mind.

You have no idea how many others have been forgetting, too, or how large the total

sum involved is. It is almost the end of the month, and the people who make supplies for us, and for you, will be calling upon us for their "balances due."

Now that this reminder is right before you, suppose you slip the amount into the enclosed envelope, put a stamp on it and drop it in the box at once, so that it will reach us by the coming Wednesday, and thus reduce the unpleasant "bills receivable" account in our monthly report.

If there is any mistake, please tell us about it.

The response was immediate and extensive, and several of the debtors—in remitting—commented pleasantly on the "reminder."

PLAN NO. 77

THIS "SOMETHING-FOR-NOTHING" PLAN COLLECTED 67% OF THE ACCOUNTS OUTSTANDING

When a firm needs the money badly "all hands" look to the collection manager to "pull them out of the hole." With this plan the collection manager for a jewelry house saved the day by collecting 67% of his outstanding accounts in a hurry.

"When emergencies press for new resources, the credit man is usually importuned to get something out of his 'quick assets,' " says the credit manager for a western instalment house. "He is between fire and the deep sea. At such times customers are about as anxious to keep their money as the firm is to get it. Once when such an emergency arose, I used the following plan with success.

"It was a 'something-for-nothing' plan and consisted of an extra award given to those who would pay instalment accounts in a lump sum. I got in touch with a

publishing house and secured an offer of a dictionary, specially edited for office use, at a very low price. Then I wrote this letter:

We need money, but it is hardly fair to ask for it quickly from you without making some return.

Here's our proposition: we will send you a good dictionary of 1,467 pages particularly edited for the use of business men, if you will send us within three days eighty-five per cent of the amount that stands due us on our books. Of course, we could use one hundred per cent, but we are only asking our friends for the least we can get along on.

There is no follow-up on this. You won't be asked twice. We need the money, but we're not out to pry into your safe. We know you will help with the eighty-five per cent, and we have decided to make the concession outlined above to show our appreciation for getting it quickly. We're in trouble if it is not mailed within three days.

P.S. The dictionary sells for \$5.00.

"The letter pulled. Its straightforward appeal, and the idea of asking for only eighty-five per cent of the amounts due, secured favorable attention. The majority of those who sent checks paid in full. We had calculated that forty-five per cent of the accounts payable would carry the firm over the emergency. I secured sixty-seven per cent from my letter asking for eighty-five per cent. Many of those who received the dictionary wrote that they were glad to have it. All in all, the incident built good will instead of tearing it down, as an imperative demand for money would surely have done."

PLAN NO. 78**THIS LETTER HAS COLLECTED
"HOPELESS CASES"**

Even when it seems that nothing short of a lawsuit will loosen up a debtor's purse strings, the dealer referred to in the three preceding plans still relies on his own ability to get the money. In this plan you will find one of his most effective letters.

The "cash up" plan described in the preceding plan having failed, this dealer still has confidence in his own ability to collect money. "I have learned that it never pays to give up," says he. "Take, for instance, a case where my 'cash up' plan has failed to work.

"In such cases, a good personal appeal may collect the money. Supposing, of course, that the debt is a just one, there is still a chance to touch the men's sense of respect for the square deal.

"One method I use is to put the case up to the delinquent on a 'make good' basis. The touch of effective intimate attention is given in this manner:

This morning the credit man showed me a list of all accounts on the books showing more than two payments in arrears.

"Turn them over to our attorney," he said, "any buyer who gets that far behind doesn't intend to pay."

"I can't agree with you," I said, "these people are good and I'm sure of it. Give them ten days and they'll prove it to you."

Was I right?

You still owe us a little balance of \$9.00 -- three instalments. Surely after going as far as you have you are not going to flunk out -- you are not going to compel us to tell the judge about it in order to

get our money. Of course not. Write a check for it now and show the credit man that he is mistaken. Don't bother to write a letter. Just wrap the check in this sheet and send it now.

PLAN NO. 79

"I FORGOT" IS AN EXCUSE YOU MEET EVERY DAY. KILL IT WITH A STRING

Did you ever think of using a string to make collections? Perhaps not, but down in Texas there is an enterprising dealer who did. He says he has never found a more profitable use for string.

A progressive Texas merchant noticed his wife tying a piece of string around their son's finger. Upon inquiry he learned that the boy was going out to play and the string was to remind him that before he returned home was to stop in at his grandmother's for a package.

"That's a good idea and I'm going to use it to help my debtor remember," said this merchant as he left for the store. He wasn't there long before the details of his unique collection plan were all worked out. Here is the letter he wrote—you will have to furnish the string:

When I was a boy and used to forget things, my mother tied some string around my finger so that I would remember my errand long enough to fulfill it. I suppose your mother did the same with you.

Sometimes it works well with grown-ups, and so we are sending a little string herewith. Won't you wrap it around your finger and at the same time say to yourself: "I am going to send H. L. Harris \$15.00 that has been due him for quite a little while back now?"

You will find it works. Try it on yourself — and let us have the check

right away so that we can get it in this month's business.

"I never thought a simple piece of string could make such a good collector," said the merchant, "until a few days after the letter was sent out. Three people called the day after it went out and settled in full—and complimented me on the idea. It is the most successful collection idea I ever used.

PLAN NO. 80

IN ONE CASE THIS PLAN SAVED \$1,000

Experience taught this merchant the folly of expecting more than he knew the customer could pay. So he forced payment in the manner outlined in this plan, and succeeded in collecting the entire amount.

"A limited range of information about your credit customer will not do," says a Seattle merchant, "for it is only by knowing all about a man that you can judge him accurately. I know many of my customers intimately; not only their business affairs, but as much about their social affairs as possible. All these are credit assets or liabilities, and the sum of them tells the credit man when to draw the line and collect the balance due. Often I secure this information by personal visits to the towns where doubtful customers are located.

"I went to a town at one time where a merchant owed us \$1,000. A brief observation of his business convinced me that his trade was falling off and his enterprise waning. I felt certain that he could not keep his head above water very long, although nobody told me so, and I asked no direct questions. I knew that if I gave the alarm we would lose our money, so I merely said to him, 'Jones, we need the cash, but we don't want to embarrass you. We are not going to draw on you for any large amount at one time, but we are going to draw

as often as we think you can pay a fifty-dollar draft.'

"I went home and got out the first draft, which was paid. In a few days I drew again. Jones dug down into his cash drawer once more. He did not want to refuse so small a draft. In this way I kept working the indebtedness down, and Jones, expecting the little drafts, was bending all his energies to raise money enough to meet them. Meanwhile, he was buying from hand to mouth of others who had not yet sized up his affairs. He probably reasoned that the promptness with which he met our drafts gave him standing at the bank—the confidence of a banker is usually the first concern with a merchant whose credit is getting shaky.

PLAN NO. 81

THIS PLAN SAVED SEVERAL HUNDRED DOLLARS

Rather than allow the statutes of limitation to outlaw an account, a Nevada merchant secures a judgment against his debtor. Should the debtor later acquire property, this judgment enables him to realize on the account.

"The best collection pointer I ever got," says a Nevada merchant, "came to me through my attorney. I put an account into his hands that was fast approaching the outlaw date. He brought suit and secured judgment without delay. Then we waited for a favorable time to collect. In the course of the year, the debtor acquired some property and we made the collection in full.

"If we had not obtained judgment at that time we could never have collected the money, and, on my lawyer's advice, I turned every one of my lapsing accounts into judgments. This keeps them on the list of possibilities for a number of years and has been the means

of adding several hundred dollars to my collections. I keep an account alive as long as I can by getting a payment upon it, no matter how small, and when that fails I sue for judgment before the account is outlawed. This is not very expensive and it gives me several more years to work in.

“When an account is so small that I cannot resort to legal means to collect, I look around town for another merchant who has an account against the same man. By combining the two, we can usually take advantage of the law. I do not believe in using the courts except as a last resort, but it is a mighty good step to know your rights and to know what methods can be used when necessary.”

PLAN NO. 82

“I HAVE FOUND THIS LETTER VERY SUCCESSFUL”

A Western credit man says he has given this plan a thorough trial and that it works often enough to be very valuable to him.

“A great many business men believe that a lawsuit is the most effective method of forcing collections, when, as a matter of fact, it is not only the very last resort of a good collector, but invariably it is the most costly and, in a large percentage of cases, the least productive,” says this credit man.

“All attorneys and collection agencies charge a larger fee for collecting judgments than they do for other accounts. It is my experience that once a judgment has been secured the real collection work must be started all over again. If the judgment cannot be collected without further suit, additional court fees are necessary, all of which not only increase the collection cash, but also

increase the ultimate loss in case the debtor is proof against execution.

"It's my experience that you can get more in such cases by showing a disposition to meet the debtor half way than by threatening him with further suit. I have found this letter very successful in bringing such debtors into my office to talk over some method of satisfying the judgment against them:

We desire to settle all accounts in a peaceable manner and always do so whenever the debtor shows an inclination to do the right thing. We are writing you now, trying to avoid any further legal action.

Can you afford the costs of a garnishment or an execution? Wouldn't it be better to apply that money to your account? Probably you would not care for any notorious advertising of your affairs among your friends and neighbors such as would be incidental to the appraising, moving or sale of your household goods or other effects by a constable. A judgment will hold good indefinitely by renewal and interest accumulates on it until paid. It may create havoc at a time when you are less able to stand it than at the present time.

We do not intend to frame this judgment and hang it on the wall. This judgment was secured to aid in collection, and regardless of costs (remember you pay them in the end), we will see that this judgment fulfills its purpose.

Disregarding this notice and assuming a hostile attitude will only increase your troubles, therefore let your better judgment prevail, call at once, and let us cooperate on settling this account.

PLAN NO. 83**TWELVE POINTED QUESTIONS THAT MAKE
DEBTORS THINK**

In this plan you will find another letter which a Western manufacturer who contributed several plans for this book uses effectively in cases where milder letters fail.

"It very often happens," says this manufacturer, "that a delinquent debtor who has paid absolutely no attention to a dozen or more collection letters, can be shamed into settling his account. But to accomplish this it is necessary to so thoroughly convince him that he has disregarded all the laws of fair play, that after reading your letter he stands convicted in his own mind. It is my experience that threats have no place in such a letter. One of my successful letters of this kind contains twelve pointed questions for the debtor to answer.

A few fair questions for attention:

1. Did you order goods from us some months ago, on a signed agreement to remit \$5 for them within five days (provided you did not within that period mail them back)?
2. Do you owe us that \$5 or do you NOT owe it?
3. Have you paid the bill? If so, when and how?
4. Do you intend to pay for the goods?
5. Do you think you ought to make good your agreement?
6. Did we fail in ANY way to make good OUR part of the contract?
7. Have YOU made good YOUR part?
8. Do you INTEND to make good?
9. WHEN will you do it?

10. Have you decided to REFUSE to pay the bill?
11. Do you think that a court of appeals (either through legal law or the Post Office Department) would uphold US in our claim -- or would it say YOU had a right to obtain the goods and not pay for them?
12. In ignoring our many requests for settlement of account, does your sense of SQUARENESS tell you that YOU are doing right?

Enclosed is a stamped return envelope -- for the \$5 which we expect will come by return mail.

PLAN NO. 84

HERE'S A VARIATION OF THE "I-NEED-THE-MONEY" PLAN THAT WON

This is a plan with a "There's a Reason" angle that is compelling. Of sixty-three letters sent out, twenty-nine brought the money; eleven a definite promise to pay; and ten an explanation why payment could not be made.

An Illinois business man found that the "I-need-the-money" plan was an altogether too common plea.

"Just telling a man that you need the money," says he, "gives him too much chance to say 'so do I.' I therefore made up my mind that I would tell my customers exactly why I needed it. In other words, I would show them 'There's a Reason.' It worked. Here is the letter—the best letter I ever sent out after money:

FIVE HUNDRED DOLLARS BY MONDAY

The banks close at 3 P. M. By that time Monday I must have \$500 to pay insurance companies what is due them. If you had to pay that much money how would you do it? The only difference between you and me is

that I have to pay it. You owe me \$9.00 for insurance. The only way I know how to pay this \$500 is for you and some of my other friends who owe me to settle up at once.

I certainly have been fair and lenient with you, and you can be sure that I shall appreciate your help at this time. Please bear in mind that I must have this money. If you can not bring the money, or mail it to me, please telephone the office and I will call at your house for the payment. Do not forget that I must have this amount, and that your payment will help.

PLAN NO. 85

THIS PLAN SAVED THE MERCHANTS OF A SMALL TOWN \$3,000

Not only did this plan save \$3,000 for the merchants in a North Dakota town, but it also made it necessary for people who habitually ignored their bills either to pay them, and pay them with cash, or take their credit burdens elsewhere.

Merchants in a small town in North Dakota saved themselves the loss of a tidy sum of money recently when a farmer in the neighborhood became involved in financial difficulties. For a time it looked as if the merchants stood to lose most of the three thousand dollars which this farmer owed among scattered creditors.

They managed the situation, however, so that none of them lost a penny. And, furthermore, as soon as the farmer-debtor recovers from the "buckague" that took him out of the country when his financial storm broke, he can return to a farm that is unencumbered and more prosperous than before.

The merchants and the farmer owe this happy outcome to the initiative of an association which has organ-



Even though a lawsuit is a last resort with a successful collector many feel it is often advisable to threaten suit. When that stage is reached the real work of letter writing begins all over again. This book contains many plans which refer specifically to this angle to collection problems—see Plans 5, 13, 27, 66, 78 and 82 for example.

ized credit-giving and debt-collecting on an effective and intelligent basis: effective because it lessens the bad-debt losses of merchants; intelligent because the debtor's share in each transaction, as well as the creditor's share, is always considered, and an effort is made to find a solution that is fair all around.

Credit associations are not in themselves new. In nearly every sizable city and town the merchants realize the necessity of cooperating to keep down credit abuses. This merchants' association, however, has developed certain policies that are unusual and can be easily applied by other associations.

All the property the farmer held was his original homestead, and he was unable to raise money enough to get the title to his pre-emption. When the association looked into his affairs, it was decided, with the consent of the farmer, that the secretary should secure a loan from the bank, and take a mortgage on the property, which was then held in trust for the interested members of the association. The members then had the value of the homestead and pre-emption—three hundred and twenty acres of land—as security for their debts, whereas before they had nothing, since under the law the homestead was exempt.

About this time the debtor, in a fit of panic, left the country. The association saw no better way to clear the debt, so they decided to put in a crop for the common account. By this added investment in labor and seed, they would stand a fair chance of at least realizing a dividend on their accounts. The creditors contributed in proportion to the amount owed to each, to meet the necessary expenses. Flax was planted. The crop was excellent, and the creditors received payment in full.

PLAN NO. 86

A PLAN FOR HANDLING EASY-TO-RUFFLE DEBTORS

The merchant who uses this collection plan with his charge account customers discovered after several costly experiences that sending "touchy" charge customers personal duns "rubbed the fur the wrong way." So he hit upon this plan for getting the money, which he says is successful.

A store in Cincinnati finds that among its best charge account customers there are always some who never pay their monthly bills when due. At the same time these are often the ones who believe that they are most scrupulous in paying. Several of these customers took offense and closed their accounts merely because they had received courteous letters reminding them that their accounts were past due.

Of course the store wanted to keep these accounts, as they were large and profitable, and yet good business demanded that all accounts be paid promptly.

In order to collect effectively and yet in so impersonal a way that the touchy debtor would realize that every similar case was getting the same treatment, the owner developed a series of "stickers" which are attached to all statements after the first. Here they are:

UNDOUBTEDLY THIS HAS BEEN OVERLOOKED.
AN EARLY REPLY WILL BE APPRECIATED.

WON'T YOU COOPERATE WITH US BY REMITTING PROMPTLY? AS ACCOUNTS OF THIS SIZE ARE BOTH TROUBLESOME AND EXPENSIVE, UNLESS SETTLED PROMPTLY, WE ARE SURE YOU WILL BE GLAD TO ACCOMMODATE US.

THIS ACCOUNT IS 60 DAYS PAST DUE. WE HAVE ALREADY SENT YOU TWO REMINDERS, BUT WE KNOW HOW EASY IT IS FOR A BUSY MAN TO OVERLOOK A SMALL ITEM. SEND US YOUR REMITTANCE TODAY BEFORE YOU OVERLOOK THIS NOTICE ALSO. IF YOU WILL DO THIS WE SHALL GREATLY APPRECIATE IT.

PLAN NO. 87

THIS "CASHUP" PLAN GETS RESULTS

When the dealer mentioned in the preceding plan is faced with the alternative of getting his money through either a "cashup" offer or a lawsuit, he chooses what he feels is the lesser of these two evils and tries a "cash up."

When an instalment account has drifted hopelessly behind in payments, the dealer is often compelled to revert to the condition in the sales contract which provides that in case two payments lapse, the entire amount is payable at once. How the amount may be collected is often difficult to determine. The dealer mentioned in the foregoing plan says: "This problem may be approached in two ways. The customer may be given a 'cash up' inducement, that is, a discount or some additional article free for an immediate settlement; or the account may be turned over to an attorney or agency.

The 'cash up' is preferable, in my opinion, because it may both bring in the money at once, and also retain the good will of the buyer. In many such cases this dealer has found the offer made in this letter successful:

I am going to make one more effort to reach a friendly understanding with you. If you will send me, at once, a check covering the balance due on your account with us, I will send you at absolutely no expense to you, and as an evidence of my appreciation of your fulfilling your part of the contract without unpleasantness, a copy of "The Business Man's Dictionary", a volume which every business man should have upon his desk. Only an unusual combination of circumstances enables me to do this, and we have but a few copies available. If you wish to take advantage of this offer, you should let me hear from you at once. Simply enclose this letter and mail today.

PLAN NO. 88

FIVE LETTERS THAT HIT AS A UNIT

The credit man who uses this plan involving five "unit style" letters declares it is the best for its purpose he has ever found.

"Difficult as it may be at times, we never express irritation in any of our collection letters," says a Springfield (Illinois) merchant. "Of course, individual cases arise when this idea will not work out as successfully as it does with others, but we have found that in the long run it pays, and pays 'big.' We usually wait about two weeks after our statements have been sent out and then we begin sending out the series. The first letter reads as follows:

Please note that you have allowed this account to go past the time of payment, which we are sure you didn't intend it to do.

An item like this, outside the regular course of your own business, is quite apt to be overlooked; and for that reason we're reminding you of it now.

It's one of the many little matters that need "do it now" pinned to them, or we forget. We suggest that you "do it now" before something crowds it aside; we'll both feel better about it.

Next time you visit our store have a look at some of the new garments. We have added new lines in all departments.

"If the remittance fails to arrive, we send this letter:

About your account, past due, we wrote you a friendly reminder about it a few days ago; maybe you're more forgetful about such matters than we are; we're all too careless.

If the amount due, or the merchandise you bought, is faulty, let us know at once; we don't want to delay collection by any error of ours.

But if everything is satisfactory, send us a check for \$14.10. It pays to be up-to-date with such obligations.

"A few days pass and we begin to believe Mr. Debtor is unfair. He ought to answer our letters, at least. So we go to the point in the next letter:

You are not being fair to yourself or to us about this account long overdue; and, as it has come up for my personal decision, I want to urge you once more to give it attention. It's always unpleasant

for us, and for you, to go to extremes in collections.

We still feel sure that you have simply neglected it; or that there has been some reason why you delayed payment. Deal frankly with us, and you'll find us pretty decent people to deal with.

We dislike to find that you make no response to our notices; we must hear from you at once. Your check should be for \$.....

"When it comes to our attention again that the debtor still owes us money, we don't give up or get sore. Instead, we get after him with this letter:

You are making a mistake, we believe, in regard to your account here. As it stands now, it's bad for you and for us.

Maybe there's some good reason why you delay payment -- we think you ought to tell us if that's the case; we want to be decent about such questions.

You haven't replied to our letters about it; we don't know why you don't pay it; all we know is that you haven't paid it.

Don't let it hang along this way; let us have your check for \$14.10.

We ought to have it right away.

"If no settlement or explanation is received, the fifth and last letter is sent. It reads:

We have written four letters in an unsuccessful attempt to get you to settle your account.

If a satisfactory settlement is not made by you in ten days the matter will be given to our attorney for legal action.

This will add court costs to the amount (\$14.10) you already owe.

"The last one is formal, but still courteous, and usually brings the lagging debtor to time."

PLAN NO. 89

THIS PLAN NOT ONLY LANDED AN ORDER BUT COLLECTED ON IT IN ADVANCE

After a prospective customer's unreasonable credit demand had driven all his competitors from the field, a dealer used this plan to land a big order—minus the unreasonable demand. His fairness won the day.

A salesman unexpectedly found himself in competition with a dozen other firms for the contract of furnishing, complete, a new hotel. It was a big order. The company that owned the hotel was controlled by three wealthy men.

These men had erected the building in a splendid location; it was to be in charge of a capable manager. When firms bidding against the salesman reached the proposition, they all recoiled at one stipulation: the hotel company wanted to buy the stock of furniture on time. It offered notes payable at intervals of ninety days, and requested two years in which to complete payment. Apparently it was the purpose of the hotel company to pay for the furniture out of the earnings, and thus to finance the venture, in part, on the funds of the successful bidder.

All the bidders except the salesman withdrew when this condition was announced. He telegraphed for the manager of his company. When the manager arrived he was told the conditions. The hotel company was a close corporation of wealthy men, about whose credit there was not the slightest doubt. They were good busi-

ness men. The manager made a few alterations in the prices, reviewed the situation quickly, and then asked, in a businesslike tone:

"All of the members of this company are present, I presume?"

They were.

"Then I see no objection to concluding the sale on the terms the company suggests," he announced. "The matter seems perfectly regular. As extraordinary conditions prevail on all sides, and all the members of the corporation are present, there will be no objection, I presume, if the stockholders indorse the notes."

The stockholders were taken by surprise. But the proposition was so fair—inasmuch as they would have to pay the bills anyway—that they attached their names. Armed with these notes, indorsed by men of unquestioned financial standing, the manager had no difficulty in immediately negotiating them at the bank at small cost.

PLAN NO. 90

THIS "CREDIT LETTER" PLAN STIRS UP THE "SLOW PAYS"

Here is a unit plan series of letters built up from the old hit or miss collection letters of a Southern concern. Each is complete in itself and involves a definite step towards the climax reached in the final letter.

The collection series of a Southern firm was formerly typical of the kind carelessly used by many merchants. The first letter was merely a printed notice demanding payment of the amount because it was overdue and because capital was needed in the business. The second letter made a stronger demand without being in any way bound back to the first letter. The third notice also stood alone and was less urgent in tone—it began with

the ironical phrase: "You will kindly excuse us" and ended with a paragraph urging additional purchases.

In revising this series, the letters were made to strike as a unit, yet grade up in force. Here is the first one:

You have probably overlooked our account against you for \$11.00 which is now considerably overdue. When you opened this accommodation account, you will recall that our terms were fully explained to you and we will, therefore, appreciate it very much if you will favor us with your prompt remittance in accordance with these terms.

The second letter is linked to the first and strikes a slightly firmer note:

We wrote you on the 13th calling your attention to your overdue account of \$11.00, and requested an early remittance. This we have not received. We extended this accommodation to you with the distinct understanding that the payment would be taken care of promptly each month. The account is now considerably overdue and we must request that you favor us with your check in full without further delay.

In the third letter the "advantage appeal" is given all the attention that is ordinarily allowable at so advanced a stage:

We have written you twice asking settlement of your past due account of \$11.00, but you have ignored both of our letters. Our terms, as explained to you when you opened this account, require settlement monthly without exception.

Your account is now long past due and we cannot carry it any longer for you. We regret that we are compelled for this reason to withdraw the privilege of further

credit purchases until it is settled. By prompt remittance you will put us in a position to reinstate your name on our credit list.

A proved practice is to follow this third letter with one insisting upon payment under threat of suit. It is important in this letter definitely to fix date, thus establishing your attitude and bringing the customer sharply around. It may be well to follow a form like this:

Though we have written you three times asking for payment of your account of \$11.00 long past due, and our collector has made several calls on you, you have not paid the account or given us any reason for not doing so. We no longer care to delay, and unless it is paid by the 10th, we shall immediately place it in our attorney's hands for suit without further notice.

The same plan, and practically the same letters, have been used effectively, not only by department stores, but in many lines with slight changes to meet the nature of the businesses involved.

PLAN NO. 91

A PLAN WITH A PERSONAL TOUCH

A man as a rule doesn't want his friends to know that he is a "dead beat" or notoriously "slow pay." A Grand Rapids collection manager capitalized this fact with the result that he is now using the following plan successfully.

Collections are often handled in a more or less impersonal way, but a Grand Rapids collection manager discovered that extremely slow accounts can frequently be cleared up by the right type of personal letters.

He finds what employee in some other department of his organization has had more or less personal relations with the slow-pay customer, and asks this man to write the debtor a letter. The following letter brought good results under these circumstances. The last paragraph is the "clinch" that extends a friendly handshake:

Dear Friend:

Our collection department downstairs called me on the 'phone yesterday. They said that they were thinking of turning your account over to a local collection man, and that in looking up the correspondence they found I had passed the account. They wanted to know if I had any objection to their taking the usual measures for local collection which we take when the collection follow-up series fails to clear the account.

Naturally I told them that you were a friend of mine and that I wanted to write you before they took any further steps, as I, of course, knew that we had either lost your correct address, or that it had been absolutely impossible for you to clear off the account before this.

I am putting a five days' return notice on the envelope, so that we may know whether we have lost your address. If it reaches you, please write me immediately -- a personal letter, I mean. Tell me exactly how things stand and when you can pay the balance of ten dollars. Of course, some arrangement can be made even if you cannot handle it in one payment.

I hope you are meeting with success in your work out there. Tell me how it is going and how you like the country.

PLAN NO. 92**THIS PLAN AND \$175 COLLECTED \$73,000
IN SEVEN DAYS**

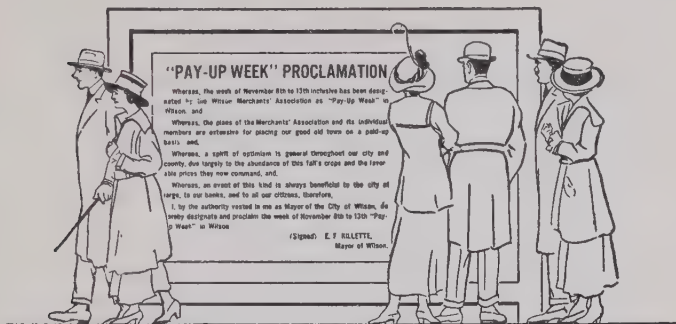
With this plan the business men of a town in North Carolina made the slogan "Have You Paid Your Bills" the forerunner of new prosperity for their community.

Is a "pay-up week" worth while? Several cities have tried this wholesale plan of inducing debtors to settle. Does it pay? Merchants of Wilson, North Carolina, say it does. They held a "pay-up week," and collected \$73,000. This was an average of more than \$10 for every person in town.

The management of the plan was given over to the regular advertising committee of the association. One hundred dollars were appropriated to put it through.

The editor of the local newspaper gave as much space as was needed on the front page of his paper every day for two weeks prior to, and during, "pay-up week." Some days the merchants used two columns of copy; others, as little as one half a column, but every day there appeared some new article about "pay-up week." To lend dignity, the mayor signed a "pay-up week" proclamation, and this was kept continuously on the same page as the editorials.

In addition to the newspaper advertising, the plan needed considerable job printing. This was divided among the three members of the merchants' association engaged in this line of business. Ten thousand envelopes were printed in red ink with the words "Pay-up Week, November 8 to 13. Let everybody help." In these the merchants mailed monthly statements on the first of November. Within each envelope, attached to the statement, was a small slip calling attention to "pay-up week."



During a "Pay-up Week" conducted by the business men of a Southern town \$73,000 was collected—an average of \$10 for every inhabitant of the town. This proclamation was one of the methods used to boost the campaign along. All the details will be found in Plan 92.

Five or six people took offense at these envelopes and slips, but it was explained that these were not "duns," but were sent with every bill. No accounts were closed on this score, however.

In order that all store windows might present a uniform appearance during "pay-up week," a series of five window cards were printed in red ink and distributed by the secretary to every member. Four of the cards in each set were triangular in shape, so as to fit the four corners of windows. Each bore some slogan. The fifth card was oblong. It measured fourteen by twenty-two inches, and on it was printed the "pay-up week" proclamation signed by the mayor.

Next in value after the newspaper and window displays were seven thirty-foot banners. These were hung across the streets at the principal business corners. Painted on each banner, in fourteen-inch letters, were the words: "Pay-up Week—November 8th to 13th." And under this slogan, in eight-inch blue letters, each banner carried some such phrase as "Start Dollars

Moving," "Every Little Bit Helps," "If You Can't Pay All, Pay Some," "Boost Your Town's Credit," and the like. These banners were put up the week before and remained until the close of the week.

Other methods of advertising were also used. Two hundred red felt pennants were placed on delivery trucks, wagons, and bicycles during the week. In every package sent out by members of the association was a card giving "six reasons why you should pay now."

By the time the merchants had exhausted the appropriation of one hundred dollars, it was found that interest could be greatly stimulated by the offer of cash prizes as inducements to pay.

The following plans were then adopted to secure quick action. Seventy-five dollars were raised that morning by subscription, the fifteen leading firms contributing \$5 each. Dodgers were then hurriedly printed, stating that the association offered \$50 in gold, divided into five prizes. The dodger gave detailed regulations.

This prize money was divided into a first prize of \$25, a second prize of \$10, and three additional \$5 prizes. The contest was prominently featured in the paper that night, and daily thereafter.

Immediately people began to take more definite notice of "pay-up week." They made arrangements to pay many old and new accounts so as to get a chance at the free money. Everybody talked about it, and enthusiasm grew rapidly. The contest was, perhaps, the most effective magnet for customer's money.

As it became evident that collections were far exceeding all expectations, the prize awards were increased by \$25, dividing this sum into five prizes of two dollars each, and fifteen prizes of one dollar each.

Total collections for the week, as shown by tickets used during the prize contest, were over \$73,000. The

prize-winning tickets, each bearing upon its back the name of the firm giving it out, were distributed by sixteen different business houses. This fact in itself shows that practically every concern shared in the good results.

Many past due accounts were collected. People who generally required considerable "coaxing" came in voluntarily and paid up.

PLAN NO. 93

A PLAN THAT BURNS NO BRIDGES BEHIND IT

Here is a series of five collection letters. Each tells its story and tells it well—no threats or "big sticks" are used and even after the last letter is mailed, the way is still open for a personal interview.

An understanding between buyer and seller is vital in collecting instalment accounts. The collection effort here represents practically a chain of sales with a payment following each. The collector, therefore, has an unusual opportunity to establish mutual respect early in the collection period, so that the matter proceeds with less friction and more promptness from month to month.

Whenever the instalment is secured by a legal note, local or out-of-town banks can contribute much to the collection manager's success. A manufacturing company has adopted the following plan of collecting money on notes which secure its charge sales. The routine followed is to send each note as it becomes due to the nearest bank for collection and notify the customer in ample time so that payment can conveniently be made there. The bank advises the house when notes are not met and it then sends the customer this notice:

The bank has just informed us that your
note for \$12, due on March 15, was not paid

at maturity. Please advise us what disposition you will make of the matter.

At the end of five days the first form letter is sent:

We notified you of the non-payment of your note of \$12, due on March 15, asking what disposition you would make of it. We have had no reply. Please give the matter your immediate attention.

The second letter, which goes out ten days later, reads like this:

You have not replied either to the notice we sent you or to our personal letter regarding nonpayment of your note of \$12, due March 15. We must insist that you make immediate payment of this note, for we can not allow it longer to remain dishonored.

The third letter, after again allowing a ten-day interval:

Notwithstanding the fact that we have written you twice and have sent you several notices advising you of your dishonored note of \$12, due March 15, this note still remains unpaid. You have not even given us any reason why you have not protected it. We insist upon your giving this your immediate attention. We can not allow the note to remain unpaid any longer. Your remittance must reach us by the 10th.

The fourth and final letter, after another delay of ten days:

We are surprised at not having heard from you in reply to our three previous letters concerning your unpaid note. We are certainly entitled to the courtesy of a reply, giving any reason you may have for

not paying this note at maturity. Under these circumstances we will not carry the note any longer and, unless you pay it by the 25th, we shall immediately place it in our attorney's hands for suit, without further notice to you.

If this letter is disregarded, the practice is to make a personal or telephone call to determine whether the filing of the threatened suit is necessary to force the delinquent to pay.

PLAN NO. 94

THIS PLAN SETTLED 80% OF THE ACCOUNTS IT WENT AFTER WITHIN FIVE DAYS

Everybody knows the trouble with a debtor's verbal promises to pay is that the banks won't liquidate them. Nevertheless, there is a way to use them to your own advantage—as this plan proves.

“Times come in every credit man's experience when the old methods fail,” the collection manager for a Baltimore house sums up. “Hardshell debtors manage to pass every precaution, and to set themselves down with seeming immovability upon a firm's books. Chronic delinquents persist in trifling at the very border-line of credit. They seem proof against every ordinary collection method or process. Statements and second notices are without effect. The snappiest letters lose their pulling power when sent to them.

“Such debtors must be ‘graduated’ into a class by themselves. They are subjects for the credit man's higher ingenuity! And for these excellent collection plans must be devised.

“One of the best plans of this type I have ever used is that of writing the promises a debtor has made in one, two, three order on an attractive card, as follows:

Messrs. John Anderson & Company,
Hughesville, N. Y., promised George Hagen
& Sons on --

May 10th -- "Will remit in ten days."

May 25th -- "You will have check
promptly by the 1st."

June 10th -- "Accounts are slow, but
will surely settle in fifteen days."

ALL THESE PROMISES ARE UNFULFILLED TODAY!

Don't promise any more, but mail a
check today."

We have no collector.

"This card is mailed with a special delivery stamp
and it usually makes an immediate impression. Out of
ten cards I recently sent, eight brought settlement within
five days after their receipt."

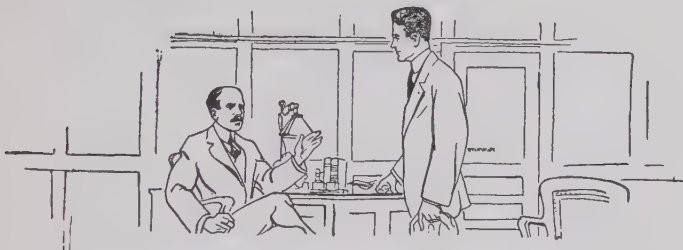
PLAN NO. 95

THIS PLAN GOT THE BETTER OF A TRAIT YOU'VE DOUBTLESS PUZZLED OVER

*You've probably noticed the trait to which this St. Louis
business man refers. It's often an expensive trait, from
the business man's viewpoint. This man got the better of
it, however.*

A St. Louis merchant who watches his credits unusu-
ally close lost the cash trade of customers who allowed
their accounts to get too far behind. What hurt most
was the fact that, with very few exceptions, these debt-
ors never came near his store to make an explanation,
even those who were quite able to pay.

One day he talked it over with his partner. They
came to the conclusion that it was nothing more nor
less than the voice of conscience that kept this class of
debtors out of the store.



What hurts most when a certain type of customers owe a past-due account is that they never show up even to make an explanation. "The voice of conscience keeps them away," says one merchant. In Plan 95 you will find a letter which he sent these delinquents that brought them in.

With this conclusion in mind, the merchant wrote the following letter and sent it to all customers whose accounts were of long standing:

Why do good collections win business?

Because a man who keeps his account with a firm paid up feels a certain satisfaction in dealing with that concern. He feels quite rightly that he is a privileged person, and always welcome. If he lets the account lag, his conscience may haunt him and he is greatly tempted to go elsewhere for his supplies until the bill is paid.

It's not only because we need the money that we ask you to send us a check today. It is because we want all your business, and we want to quiet the little voice of conscience which might suggest that you place some of it elsewhere.

You doubtless want to feel the privileged customer you really are; and to continue to take advantage of the low prices, the prompt shipments, and the good values you have been getting from us.

That's why you are going to take the enclosed brown envelope to your bookkeeper and say:

"Send them a check today."

The letter had the desired effect, and many old accounts were not only settled up, but business relations resumed.

PLAN NO. 96

IT ALWAYS PAYS TO TRY "SOMETHING DIFFERENT"

Here's a "gentle reminder" idea with a "punch." It's another instance that the unusual strikes home with the most force.

To emphasize collection dates for past due accounts, a middle western wholesaler sends with his statement or letter a leaf torn from a desk calendar pad and carrying a written notation like this: "Pay Jones \$42 on the 23rd." This attracts the debtor's attention more forcibly than a formal follow-up or regular statement would. As an additional reminder, he frequently sends, without request, a desk calendar pad for the debtor's personal use, pointing out that such a pad is a wise business precaution against lapses of memory in connection with necessary business payments.



766-AAH-474



766-AAH-474